NATIONAL & MUNICIPAL FINANCE

BY WALTER JONES

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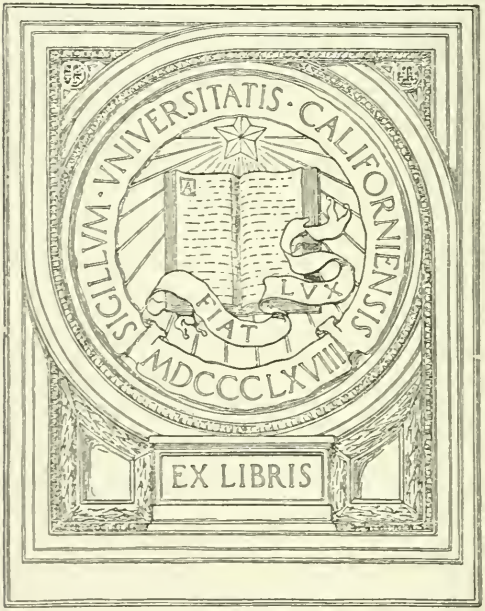

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NATIONAL AND MUNICIPAL FINANCE

National and Municipal Finance

SHEWING

That Imperial Taxes are Excessive
And Local Rates Oppressive
Why they are so Burdensome
And how they may be Relieved

BY

WALTER JONES, J.P., M.I.MECH.E.

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Dedicated

TO

MEMBERS OF PARLIAMENT

COUNTY COUNCILLORS

MAYORS, ALDERMEN, BURGESSES

BOARDS OF GUARDIANS

AND ALL WHO ARE ENTRUSTED WITH THE

RAISING AND SPENDING OF PUBLIC FUNDS ;

IN THE HOPE THAT BY THEIR

COMBINED WISDOM

THEY WILL DEVISE AND ADOPT MEASURES

FOR THE BETTER

ADMINISTRATION OF RATES AND TAXES

THAT PRESS SO HEAVILY UPON EVERY SECTION

OF THE

COMMUNITY.

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Introduction.

THIS Book has been written not for profit but for service, mostly in the evenings or the small hours, after days of strenuous exertion in a manufacturing business, in addition to many public or semi-public duties.

The Author makes no claim to originality, or to be better or wiser than his fellows, he has drawn freely from other sources, and given much time and thought to ascertain the direction in which the inhabitants of this great Nation must move for the amelioration, or the abolition of the existing social diseases. There are thousands of professional men, Scientists, Clergymen, Doctors, Architects, Civil and Mechanical Engineers, Manufacturers, Merchants, Shopkeepers and Tradesmen, who find it increasingly difficult to live honestly and pay their way. Why? Because we are so much engrossed in earning, or trying to earn a living, that we have forgotten how to live; the trend of all National and Municipal Legislation appears to be in the direction of increasing the burdens of existence, resulting in a maximum of expenditure with a minimum of efficiency and economy.

Luxury without purpose is a social disease, the boredom and ennui brought about by abundant superfluity for the few, has its antithesis in the terrible pressure of economic poverty for the many, and between these two extremes the middle and working classes are ground as between two millstones. Industry is penalised at all points, the

greater the industry the heavier the tax; while those who do little or no useful work are surfeited with idle luxury, individual selfishness and a lack of incentive.

A considerable amount of space is necessarily devoted to the statement of well known and generally admitted facts, followed by a brief historical survey, giving the opinions of the greatest teachers. The crux of the whole business however depends not upon a statement of facts, but upon the promotion of a constructive and comprehensive scheme, and it is for the reader to judge whether the remedies suggested are logical, reasonable, sound, and calculated to form a basis for a practical solution of the most pressing problems of the twentieth century.

The Author is neither prophet nor seer, he has no axe to grind, no party to consider, his object is not to sow dissension, but to serve all, in the humble capacity of a sign post, simply pointing the direction in which other more capable men may move to find,—as they certainly will find if they seek,—a better, a wiser, and a saner way.

WALTER JONES.

Stourbridge, 1913.

Chapter I.

Municipal Enterprise, Finance, Outline of Policy.

One of the most remarkable features of the nineteenth century was the rapid and wide extension of Municipal enterprise. The 40,000 local governing bodies brought into existence in Great Britain, and the increasing powers with which they are constantly being invested, clearly indicates that much can be done by means of the rates for the promotion of the health, comfort, education, and enjoyment of the people.

This quickening of civic activity in the direction of collectively providing utilities impossible of accomplishment by the individual, has resulted in an enormous increase of corporate expenditure. This was inevitable, for communities, no less than individuals, cannot expect to receive something for nothing.

Local rates and imperial taxes are the penalties we are called upon to pay for the benefits of civilization: the value received is in no way commensurate with the money expended. Instead of conferring benefits, the present insane system is each year becoming more and more oppressive, and the ratepayers already possess the power to relieve this pressure, not by removing the incidence of taxation, but by the abolition of the greater portion of it.

However commendable the work of raising the standard of civic life may be, some of the methods by which it has been done are open to criticism.

The fact that Municipal indebtedness has more than doubled in fourteen years, from £235,000,000 in 1894 to £512,000,000 in 1909, affords strong proof that public authorities are trading too much on credit; with the consequence that the economic pressure upon the trading and industrial classes is increasing, resulting in a widespread feeling of dissatisfaction and unrest. The problem is a serious one, and calls for a simple, speedy, and scientific solution.

That the present *system* is at fault somewhere is generally recognised. Of agencies for the distribution of alms, for doling out charities, for helping the under dog there are more than enough. They are at best makeshifts, palliatives whose contributions, as often as not, degrade both the giver and the receiver.

Useful work is the only thing of which one never tires, whereas one speedily tires of doing nothing, and soon gets satiated by indulgence in selfish pleasures. A common sense social system should provide necessaries for all, and insist that all who share the privileges of a social community should also take a fair share in its responsibilities.

That poverty, destitution, unemployment, vice, and crime are social diseases, which like most bodily ailmenta are preventible, is not yet generally recognised; if it were, the proverb, "Prevention is better than cure," would be accepted as a truth, and acted upon, whereas it is now a more or less empty phrase. Our Local Authorities have yet to learn that borrowing leads to sorrowing; that he buys best who pays cash, and that excessive credit leads to discredit.

The object of this paper is to indicate a method by which the ratepayers through their local governing authorities can accomplish their own corporate salvation in a comparatively short term of years.

The best way to help the people is to help them to help themselves; and to assist them to develop the capacity to wisely exercise the powers they now possess.

The method herein proposed for the relief and ultimate extinction of financial burdens is so simple, sound, and practical, that it is amazing that its application has been so long delayed.

Briefly it is this: *Stop borrowing—Redeem existing public debts—Pay for future improvements out of revenue—Live on income, not on credit*—Conduct all Municipal, National, or other public work as you would an ordinary commercial undertaking, on financially sound business lines.

It is necessary to discriminate clearly as to what expenditure is likely to become a burden, and what might otherwise be termed a sound investment. An outlay of one thousand or one million pounds on a gas undertaking, or some other service of public utility where assets of equal value are obtained, yielding a substantial yearly profit, may be perfectly legitimate, and justify extended credit, but where the repayments are unduly prolonged, or the interest charges excessive, the prices for gas, etc., are proportionately increased, and the user has to pay the excess.

There are, however, very many ways in which huge sums of public money are squandered, such as the systematic negotiation of small loans spread over

long periods, with the cost of bonds, stamp duties, and other incidental expenses. Applications for powers that are never exercised, extension of boundaries, incorporation, the promotion of abortive schemes, deputations, litigation between adjacent authorities; and whatever the decision may be, the ratepayers have to bear the cost. A good deal of this may be termed sheer waste.

Once it is clearly demonstrated that the finances of one Local Authority have been put on a sound commercial footing by simple methods that are applicable to every town or city, the advantages will be so apparent that other authorities will quickly follow the example.

There exists in the minds of most Councillors a fallacy so mischievous and so costly that it must be removed at all hazards. One frequently hears such questions as,—"Why should we study posterity?"—"What has posterity done for us?"—"Why pay out of revenue?"—"Spread the payment over 40, or 60 years, and so *lighten the burden.*"

The people who use such expressions would not think of buying their own clothes or furniture on the three years principle, and yet when spending public money they freely advocate buying on 40 or 60 years credit, and instead of *lightening the burden,* they and their children are *heavily burdened* by such a disastrous policy.

Our predecessors provided for our use good roads, paved footpaths, well lighted streets, drainage, sanitation and other public utilities; hence it is our duty to provide for posterity also, but not by piling up huge debts.

We are posterity. The debts of last year, and each preceding year, with ever increasing credit charges for same press heavily upon us, and the full brunt falls upon the commercial and industrial section of the community.

The situation is facetiously described thus:—

Customer.—"How much for that suit of clothes for prompt cash?"

Tailor.—"Four Pounds."

Customer.—"How much if I take credit?"

Tailor.—"Eight Pounds,—half of it down."

Ridiculous as this may appear, it is precisely what our Parliamentary representatives have done, and are still doing with our National Debt, and also what Local Authorities have done, and are still doing with our Municipal debts. How long is this folly to be permitted?

There is a subtle attraction in this tendency to borrow that public representatives find hard to resist; there is a fascination in the idea that burdens are thus lightened, whereas they become heavier each year. Quite unwittingly they saddle themselves without counting the ultimate cost, until they become obsessed with the idea that borrowing is a necessity, whereas it should be resorted to only in extreme cases, and even then for short periods.

So long as *Credit* is kept at a *premium,* so in mathematical proportion will mental and physical *labour* remain at a *discount.*

There is an impression—amounting almost to conviction—in the minds of Councillors and others, when dealing with public expenditure, that it is just and expedient to spread the repayments over a long

period of years. Theoretically this may appear perfectly sound, and if the repayments represented merely the amount of the loan, and would benefit posterity, it would be perfectly justifiable, but when each year the loans contracted exceed the amount repaid for redemption of previous loans, the effect is to add to a chain of debt—already much too heavy—a few extra links that drag down and enslave the borrower, until the theoretical and problematical benefit becomes a serious and ever-increasing burden.

Add to this the repayment by instalments of other millions previously borrowed, with interest charges thereon, and the theory becomes in actual practice unsound and oppressive.

The most amazing fact is that men who would scorn to resort to such methods in their own private business, fail to see any injustice in the system when applied to public funds. The principle is unsound, the results are suicidal; and the remedy which is perfectly simple is in their own hands, they have the power if they will only have the courage to exercise it. The provision of a reserve fund sufficient to pay for all ordinary improvements out of revenue would result in an enormous saving, it would enable them to receive full value for outlay, and would put a wholesome check upon every form of extravagance.

There are many men who will say that it is impossible, that the rates are already so high, that they cannot afford to pay out of revenue, or to increase the rates even temporarily; any man who holds these views should retire from public life—the application of this narrow policy has doubled the rates without any compensating benefits. Any Council who can

pay £5,000 or £500,000 each year for interest on loans, can afford to pay the same amount each year for improvements out of revenue, the only difficulty is the transition stage from dealing on credit, to payments on the cash system; they have only to levy a special rate, suspend heavy or exceptional expenditure, or stop borrowing for a few years until they have a sufficient reserve fund, after which there will be no necessity to borrow for any ordinary work, and for exceptional outlay the period for repayment might be considerably shortened.

Corporate bodies might with advantage study the sage advice given by the historical Mr. Micawber to David Copperfield: "Annual income twenty pounds, annual expenditure, nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery." The application of this principle whether the income be twenty pounds, twenty thousands, or twenty millions is equally sound; if the expenditure is in excess of the income the result will be disastrous.

An individual may be perfectly happy on an income of twenty shillings per week, indifferently happy on twenty pounds, and absolutely miserable with an income of twenty thousand pounds per week. As with individuals, so it is with communities, the comfort and well being depend not upon lavish expenditure or vulgar display. In our greatest and most expensively governed cities are usually found the worst forms of slumdom, and the vilest descriptions of squalor We must not forget these things are preventible. Suppose we consider how this can be done.

What is Capital? The Plant, Stock, Accessories, or tools used for the conduct of business; its legitimate use is for service, for economising labour. Its use has, however, degenerated into speculation, and is dominated mostly by selfishness, for the exploitation of labour and the acquisition of more wealth for the capitalist. Capital of itself can neither produce, increase, or create; as a tool it is useful for, and should be subservient to, labour. At present it—or rather they who own or control it—dominate labour, and take toll for its use out of all proportion to the service it renders.

What is Labour? Work, toil, exertion, an act of the brain, or muscle, or both, the one thing that produces, increases, or creates necessaries and luxuries of every description. Under existing conditions all labour is inadequately paid because of the exactions made for credit.

Work and its rewards are most unevenly distributed; the few, animated by purely selfish motives, accumulate enormous wealth by the oppression of the many; the wealthy lose the capacity, and the poor the opportunity for pure enjoyment.

The enormous amount of time, energy, and money expended on unimportant matters is simply appalling.

The ultimate object of labour, theologically, is a species of curse. "By the sweat of thy brow shalt thou eat bread." Ethically, it is a law against eating unearned bread. "If a man will not work, neither shall he eat." Physiologically, it is nature's law for the preservation of health, and socially, it may be aptly described as *service* to others.

As Sir William Earnshaw Cooper, C.I.E., says, in

his powerfully written and virile book, *Spiritual Science,* "Service and Love are the foundations of the Eternal, and man's stepping stones from earth to heaven. In various forms and from many directions does the goodwill of man to his fellow men proceed on its errand of voluntary service, and so the vast structure, wherein will eventually dwell the Brotherhood of Love is being reared day by day by man himself."

The present system of levying rates and taxes is defective in principle; it discourages progress, and penalises industry; the greater the enterprise the heavier the penalty; whereas inducements are freely offered to the lethargic non-producers, who live on investments, ground rents, and other unearned increments.

Can any justification be found for a system that starves the inventor, sweats the producer and claims for the tool—Capital—or its owner, from one-third to one-half of the total earnings of all the industrious members of the community? So long as this is permitted, so long will the mental and physical producers be kept in a state of servitude and bondage.

What is Government? The dictionary will tell you that it is administrating, controlling, managing, ruling; but in reality it is simply a matter of *Finance*; if this be eliminated what is there left to control or manage? Sound finance is the basic foundation of all good government, it is the one thing that should receive the greatest possible attention, and that receives the least.

Politicians appear to vie with each other as to who shall spend the most money, and levy the greatest

amount of taxation, quite regardless of the value received; the needs of the many are subservient to the wants of the few. Is it not time that some check be put upon extravagance and luxury, and that means be devised whereby wholesome food, plain clothing and decent housing accommodation should be assured to every child born into this great country? A strong sturdy self-reliant race is the best asset that any nation can possess. In this direction lies ample scope for true statesmanship and sound finance.

I have read somewhere that *a Statesman is one who does something for the community. A Politician is one who expects the community to do something for him.*

Politicians are plentiful, Statesmen are sorely needed who will curb and eliminate all forms of waste or extravagance, and initiate schemes whereby the expenditure can be reduced, and do everything possible for peace, retrenchment and reform, clear off the heavy load of debt, put a wholesome check on all spending departments, and abolish the ruinous system of trading on credit.

Public bodies lack imagination or incentive; they have no ideals, no continuity of purpose, and very little constructive ability. A few individual members who possess one or other of these qualities take the initiative in some constructive or legislative work; and whether this be progressive or retrogressive in character, the ordinary rank and file will follow much the same as a flock of sheep follow the leader, and almost as blindly; it is useless to blame them for not exercising gifts they do not possess; the pioneer work is usually done by the few who are capable, and

when a Council is particularly weak, it is essential that their officers should be decisive, forceful, and sufficiently strong to give the lead in the right direction.

Whether the rates be 2/- or 10/- in the pound is a matter of degree, the essential and all important point is to see that whatever the amount expended, the best value be obtained for the outlay, and this point is frequently ignored; not that the Councillors are intentionally extravagant, but they do not take the trouble to investigate the actual *cause* of the trouble—*extended credit*—they feel the *effects*—*high rates*—and so long as public authorities continue to pay 40/- or 60/- for 20/- actual value, the rates will inevitably increase.

The borrowing of capital or credit for the purchase of remunerative commercial undertakings may be justifiable, even when the price appears to be excessive, providing the returns meet the working expenses, the cost of upkeep, depreciation of plant, and redemption of the debt in a reasonable time; but the aim of all public authorities should be to provide for public use and convenience rather than for profits.

If sixpence is taken off the rates by charging sixpence extra for gas, water or other public service, where is the benefit? In either case the user has to find the sixpence. Neither does it follow that because the purchase of a remunerative trading concern justifies the charges for extended credit, that loans for unremunerative undertakings should be spread over long periods, with heavy interest charges thereon. A good deal of discrimination is needed to enable one to decide whether a loan will prove a benefit or

a burden, and it is for want of this discrimination that the rates have become so absolutely oppressive.

What is Money? Money, wealth, riches and capital are frequently used as synonymous terms, but they are not. Money is neither wealth, riches nor capital, it may represent either, or all three. Money is a commodity, a convenience, a *Measure of Value,* denoting a certificate of service rendered to the community, and incidentally the value of that service expressed in £. s. d. It is also a *Medium of Exchange,* entitling the owner to obtain goods, or other commodities in exchange. In ancient times it consisted of cattle, sheep, shells, beads, tea, dried fish, tobacco, soap, grain, or iron; but as civilization advanced, some more convenient medium became necessary, and coined money was introduced for greater convenience.

The coins were originally crude, having rough edges, which were frequently clipped or cut, thus depreciating their value, and in 1696 coins were stamped with milled edges to prevent the clipping practised prior to that date.

The enormous developments of Trade and Commerce led to the introduction of Bank Notes, promises to pay, Cheques, and other forms of Credit Notes; this is worthy of special note, because many people who do not trouble to think, or who do so in a slovenly manner, imagine that there must be enough money in existence to purchase any and every commodity, and it is necessary to correct this very erroneous impression.

The paper Credit Notes (in one form or other) in Great Britain probably exceed 20,000 Million Pounds,

the actual coinage is less than 200 Million Pounds, hence there is only about one pound available in cash to redeem every £100 value of actual capital or credit now in existence.

Take an illustration. The Bankers Clearing House Records for 1912, in Bills, Cheques, and other instruments of payment (not in coined money) amounted to £15,961,773,000, all on paper, in other words, Credit Notes.

Another illustration. Suppose that the Government decided to purchase and Nationalise the Railways of Great Britain with the whole of the rolling stock, Plant &c., estimated to be worth some £1,300,000,000. How could they find the money if it is not in existence? The whole transaction would be effected on paper, by simply transferring the rights and privileges from the various Railway Companies to the State for a specified amount; the *Security* for the repayment would be the Credit, the Honour, and the future Labour of every Taxpayer in Great Britain, until the debt, with Interest thereon had been fully redeemed, and no Government who came into power, whether Liberal, Unionist, or Labour, dare repudiate that debt, the people would not permit it.

The chief point to be considered is that whether the total repayments amounted to double or treble the £1,300,000,000 originally borrowed or pledged, it would all have to come out of the earnings of the industrious workers of the community, and any reductions in the amounts charged for interest, could be devoted to increase the pay to Railway Employees, or to the reductions in the charges for passenger tickets, railway freights, &c.

The effect of the System, and the additional cost is shewn in the following Tables.

TABLE No. 1.

Any sum of money borrowed at $2\frac{1}{2}$ to 10 per cent., and repaid by way of annuity doubles the cost of the original debt as under: —

At per Cent.	In approximately.	Years.
$2\frac{1}{2}$	,,	64
3	,,	53
$3\frac{1}{2}$	,,	45
4	,,	40
$4\frac{1}{2}$	,,	35
5	,,	32
$5\frac{1}{2}$	,,	29
6	,,	27
$6\frac{1}{2}$	,,	$24\frac{1}{2}$
7	,,	23
$7\frac{1}{2}$	,,	21
8	,,	20
$8\frac{1}{2}$	,,	19
9	,,	18
$9\frac{1}{2}$	,,	17
10	,,	16

For every £100 borrowed, £200 has to be repaid in the time stated in column 2.

TABLE No. 2.

Any sum of money invested at $2\frac{1}{2}$ to 10 per cent. compound interest will double the amount of the original loan as under: —

At per Cent.	In approximately.	Years.
$2\frac{1}{2}$	,,	29
3	,,	24
$3\frac{1}{2}$	,,	21
4	,,	18
$4\frac{1}{2}$	,,	16
5	,,	$14\frac{1}{2}$
$5\frac{1}{2}$	,,	13
6	,,	12
$6\frac{1}{2}$	,,	11
7	,,	$10\frac{1}{4}$
$7\frac{1}{2}$	,,	$9\frac{1}{2}$
8	,,	9
$8\frac{1}{2}$	,,	$8\frac{1}{2}$
9	,,	8
$9\frac{1}{2}$	,,	$7\frac{1}{2}$
10	,,	$7\frac{1}{4}$

For every £100 lent, £200 is received in the time stated in column 2.

If I could make this question of finance as clear to the ratepayers as it appears to me, I should have rendered them a greater service than if I had given £1,000,000 to be distributed in charities. This is why I am in such deadly earnest on this subject.

Take the following Example.

Example 1.—Suppose a boy borrows twenty marbles, for which he agrees to pay five per cent. each week for the use of the marbles, until the debt is redeemed. He repays one marble (five per cent.) each week, and after 80 weeks he suddenly discovers that although he has paid back four times the original loan, he still owes 20 marbles. For 20 marbles read £16,000, and for 80 weeks read 80 years, and you have a striking example of what occurred in the township of————, where the authorities borrowed £16,000 in 1828, to erect Market Hall buildings, for which the ratepayers have paid £70,000 for interest alone, and still owe £13,000 with interest on same for a further thirty years. This may be an exceptional case, but it is a hard fact, and is not an isolated case, as I shall endeavour to shew.

Shakespeare spake truly,—"Borrowing dulls the edge of husbandry."

TABLE No. 3.

Shewing the indebtedness of the Township of————

	£	£
Amount borrowed for various purposes ...		216,500
Principal repaid and sinking fund	81,000	
Interest paid on said loans ...	157,300	
		238,300
Amount still owing, exclusive of interest, until debt is redeemed		135,000

Taken from the nearest available figures given in the Councils' Year Book.

Example 2.—Suppose a Corporation have under contemplation a scheme estimated to cost £400,000. To effect this out of *revenue* in 40 years will cost £10,000 per annum, for which they will receive £10,000 value each year.

Example 3.—Suppose that instead of providing this amount out of *revenue*, it is decided to adopt the credit system, and borrow £400,000 in one year, or £10,000 each year for 40 years, repayable by way of annuity at four per cent. interest. It will be seen from Table 1, page 14, that any amount borrowed at four per cent. for 40 years doubles the original sum. The ratepayers will be called upon to pay £800,000 instead of £400,000 for the doubtful privilege of extended credit, for which they receive £10,000 value each year, but according to Table 1, they will have to find £20,000 each year (approximately) for the 40 years.

Let me explain that the repayments will vary from year to year; during the first and last years they will be lighter, the repayments would be spread over 80 years, not 40, but the system is not one bit sounder on this account, because whether the £400,000 was borrowed in one year, or in 40 annual loans, each spread over 40 years, the amount to be repaid will, in either case, be double the amount borrowed; the figures given are merely to ilustrate the *effects* of the credit system.

In "The Common Sense of Municipal Trading," published by Archibald Constable & Co., price 2/6, the brilliant author, Mr. Geo. Bernard Shaw gives in a characteristic and convincing style many profound truths with which I heartily concur, but the conclusions on pages 100-101 appear to me unsound and illogical.—"According to the *popular* view, the

thrifty course is to pay as you go on, and not add to the municipal debt"—

Unfortunately this is *not* the popular view, it would be better for the community if it were; the large increase in Municipal debts—apart from investments in trading concerns—affords ample proof to the contrary.

Again, "The correct financial theory is undoubtedly just the reverse, all expenditure on public works should be treated as public expenditure. The capital should be raised in the cheapest market, and the rates used to pay the interest and sinking fund. *When* a municipality which can borrow at less than four per cent. deliberately extorts capital for public works from tradesmen *who have to raise it at from* 10 *per cent. to 40 per cent. or even more,* it is clearly imposing on its unfortunate constituents." Echo answers "*When?*"

Mr. Bernard Shaw is an accomplished "playwright," but his "philosophy" is clearly at fault if he imagines that "Manufacturers" or "Tradesmen" who pay *10 per cent to 40 per cent. for "Capital"* or credit, can carry on business successfully. If he will start a manufacturing or distributive business, he will soon be disillusioned on this point.

There are hundreds of thousands of manufacturers and tradesmen who find it extremely difficult to earn four per cent. on even a modest capital. When 10 per cent. to 40 per cent. are "extorted" whether by the Municipality, Capitalist, or Tradesmen, to that extent will the workers who earn the per cent. be exploited or robbed, and this appears to me to be the chief cause of the social ills that Mr. Shaw professes to deplore.

If " all expenditure on public works is to be carried out with loans at four per cent."—spread over long periods,—the result will be a perpetual burden on the community. If all the capital in Great Britain were to claim eight per cent. only, there would not be two per cent. left for the payment of ability, and all the other workers who are called upon to earn it. If Mr. Shaw will investigate this point, he will certainly modify his views.

The book is crowded with excellent things, both interesting, entertaining, and instructive; worthy of careful perusal by all who are in any way interested in Municipal Government. I cannot refrain from giving a few extracts:

Page 23. " It is one of the ironies of the situation that the sacrifices the ratepayer makes to relieve the poor really go to subsidise the rich."

Page 53. " The public need is greatest where the purchasing power is least, the commercial incentive strongest where purchasing power is heaped up in ridiculous superfluity."

Page 57. " Municipal enterprise is handicapped from the outset."

Page 79. " A private Company does not pay interest until it is earned, a Municipality has to pay from the day the capital is borrowed."

Page 94 " The present industrial system throws vast sums into the hands of shareholders who take no share in the management of their property."

Page 94. " The phenomenon of unearned increment is colossal."

I respectfully suggest that Mr. G. B. Shaw reconsiders the conclusions he gives on pages 100-101.

THE FOLLOWING IS A BRIEF OUTLINE OF THE POLICY SUBMITTED FOR THE ADOPTION OF MUNICIPAL AUTHORITIES.

1. The Council and their Officers must satisfy themselves that these suggestions are sound, the figures reliable, and then have the courage to resolutely carry them through.
2. Aim for the greatest efficiency while exercising all reasonable economy.
3. Provide in their annual estimates for all ordinary renewals, renovations or extensions.
4. Devote the whole of the profits from the commercial undertakings, whether £1,000 or £100,000 per annum to the reduction of debt, or in lieu of new loans and thus provide capital for new or additional services out of revenue.
5. In towns where no remunerative undertakings exist, provide a surplus or reserve fund (say a rate of 3d per annum for five years) or such other amount that is practicable.
6. The alternative (if a reserve is impracticable) is to refrain from borrowing for two or more years, and as existing debts are redeemed, instead of reducing the rates build up a reserve sufficient to meet all expenses without further borrowing. The saving would repay the small sacrifice many times over.
7. Use the sinking funds to redeem existing debts, or invest them so as to insure against loss.
8. Stop borrowing in all cases where not absolutely compulsory.
9. In exceptional cases such as for Water Supply, Hospitals, Clearance of Slum Areas, Sewerage

Schemes, or other unremunerative and costly undertakings provided for future generations, the City Council might with advantage apply to Parliament for powers to issue Credit Notes of £1 value, that shall be receivable in payment of rates, and accepted as legal tender in Great Britain. The notes to be redeemed one twentieth part each year, and the Council to pay into the National Exchequer one per cent. per annum on the notes during the period they remain in circulation.

10. Establish Municipal Banks, all City and Urban Councils to combine, and to supply their own credit, either free or at merely nominal rates of interest for short periods only.
11. What is to prevent a wealthy City such as Birmingham from accumulating a fund sufficient to bring in an income of half a million each year instead of paying half a million for interest, and thus save the citizens of Birmingham one million per annum?
12. For every thousand pounds of permanent reduction in the existing debts, increase the salary of the clerk or other responsible official by 5/- per cent.—50/- per annum.
13. If and when further borrowing takes place increasing the permanent debt, reduce the salary of the responsible official by the same amount, 5/- per cent.

The suggestions contained in this paper barely outline the possibilities of a system that could be advantageously applied to National Finance, Poor Law Administration, County Councils, and public

authorities for any district and for every purpose, that would, in the writer's opinion, do more for the solution of existing social problems than all other proposed remedies.

One thousand pounds would go farther in the prevention of poverty than ten thousands spent in its relief.

One thousand pounds for the prevention of crime would do more than ten thousands in maintaining criminals.

One thousand pounds for the provision of pure water may save ten thousands in cases of cholera or other sickness.

The Nile Dam erected at Assouan affords a striking illustration of judicious expenditure for the prevention of destitution and misery by wise forethought and administration.

In all National or Municipal undertakings efficiency should be the watchword, with due regard to economy. Whatever is undertaken should be done well, not to provide dividends for capitalists, but service for the community. Borrowing, if resorted to, should be limited for short periods, and the enormous sums now paid for credit should be rapidly reduced. "Accelerate your Sinking Fund" is a sound maxim that should be enforced.

London County Council Debts.

According to the reports in the London Press, May 13th, 1912, "The gross amount to be voted by the London County Council for the year is for:—

Redemption of Debt ...	...	£1,666,468
For Interest, &c. ...	...	£2,396,817
Total	...	£4,063,285

At this rate of payment the ratepayers are called upon to pay £2,438,000 for each million borrowed, (143 per cent. on the amount borrowed) for credit.

The facts given by Mr. C. E. Smith, A.C.A. (Elective Auditor for the City of Birmingham) in a pamphlet on "Municipal Socialism and the Rates," are worthy of careful study by every ratepayer:

"Rates are charges levied on all property beneficially occupied, for providing services of a communal character. The present problem is their tendency to increase, and to burden industry, while existing contracts with ground landlords *prevent* this *extra burden* being passed on to them."

"Let us take the figures for our city of Birmingham."

	s. d.		s. d.		s. d.	
1890 Poor	4 3	Improvement	2 1	equals	6 4	Total
1900 ,,	4 11	,,	2 7	,,	7 6	,,
1905 ,,	5 6	,,	2 1	,,	7 7	,,
1910 ,,	6 3	,,	2 11	,,	8 2	,,
1911-12,					8 10	,,

"An increase of 2/6 in the £ (equals 39½ per cent.) in 22 years."

"Not only have we steadily increased, but we have not yet reached finality." "We shall have to pay more for labour, more for materials, while schemes for general betterment are but in their infancy."

"There appears to be no limit to the additions to our *Municipal Debt except our capacity to borrow.*"

"I have suggested that *no loans should be borrowed* except for the starting a new, or the extension of an existing Department, and that all charges

for improvements, renovations, and renewals should be charged to revenue."

"It ought to be just as possible to reserve for future expenditure, as it is to borrow for it when required, and it is far safer."

"It is not want of economy or lack of efficiency which sends up the rates, but the more generous provision of communal services and amenities, such as education, baths, parks, libraries, housing, town planning schemes, street and drainage improvements, and the thousand and one advantages which no self-respecting city can now afford to dispense with."

"As elective auditor, I see no directions in which expenditure can be materially curtailed, but many in which it is likely to grow."

May I suggest to the City Councillors and to the ratepayers of Birmingham that the chief cause of the increase of 39 per cent. on their rates in 22 years is due to the debts incurred during the same period, the total indebtedness being about £17,000,000, thus requiring no less a sum than £500,000 per annum for interest alone, and the Policy outlined on page 19 will apply to their great city in precisely the same manner as it would to any other city. All the City Councils and Urban District Councils would be well advised to have prominently displayed in their Council rooms the following:—

MOTTO.

Don't borrow!
Borrowing does not pay;
It puts a premium on idleness,
A tax on industry, and enslaves the borrower.

PROVERBS.

English.

"He that goes a-borrowing goes a-sorrowing."
"Short reckonings make long friends."
"It is easier to earn money than to keep it."
"A fool and his money are soon parted."
"A penny saved is a penny gained."
"Prevention is better than cure."

Scotch.

"A man can't get rich unless his wife allow him."
"Nothing gets into the closed fist; nor out of it."
"He's no the happiest who has most gear."
"All complain o' want of siller, but nane o' want of sense."
"He thinks no evil who means no evil."

Irish.

"Do not waste, do not scatter, do not do away with what is not your own."
"A good word at court is better than a pound in the purse."

Welsh.

"None can go to heaven in a feather bed."
"What is easily got is despised and base."
"The three fears of a wise man are: the fear of God, the fear of sin, and the fear of great riches."
"The three fears of a foolish man are: the fear of man, the fear of the Devil, and the fear of poverty."
"If every fool wore a crown we should all be Kings."
"Fame outlives riches."

These Proverbs are mostly from "Stories and Sayings from many Lands," by Isa. Fyvie Mayo (C. W. Daniell, publisher).

Chapter II.

National Finance.

REFERRING to National and Local taxation, the "Daily Mail" Year Book for 1912, page 263, says:

"How to pay the way."

"The problem which is facing our local authorities is how they are to pay for the increasing services demanded by the public, and enforced on them by Acts of Parliament."

"The National Debt in 1909 was ...	£754,121,309
"Local loans, outstanding ...	£512,487,522
	£1,266,608,831"

The Annual Expenditure of Local Authorities is about	£140,000,000
The National Expenditure for 1911-12 was about	£180,000,000
	£320,000,000

The bulk of this enormous expenditure is borne by the industrial and commercial members of the community, and whether the Imperial Government or the Local Authorities decide what amount is required, the ratepayers pay, and apparently do not trouble to ascertain whether the necessity for such prodigality exists; the writer of the above article

states the problem, but he makes no attempt to *solve* it.

On page 255 the "figures assessable to income tax show that the income under the review of the Inland Revenue Department had increased from 677 to 1011 millions, a growth of 50 per cent. in fourteen years, 1895 to 1909."

The mere tabulation of statistics gives no indication as to "how we are to pay the way." Is it not time that some serious attempt was made either to reduce National expenditure, to increase the income, or to do both?

Our present *system* puts a premium on idleness; discounts and discredits industry. These conditions need to be reversed; the incentive should be such as to encourage useful honest labour and honourable callings in every station of life, and to discourage idleness, waste, luxury, and extravagance.

If a penny saved is a penny gained, the same truism will apply to pounds, or millions of pounds.

We have an excellent precedent shewing what the Government can do on occasion, in the purchase of the Suez Canal Shares, for which £4,080,000 were originally paid. The dividends have amounted to about £14,000,000, the shares now yield £1,127,800 per annum (27½ per cent.), and their market value is estimated to be £31,000,000.

The "Statistical Abstract," 1911, published by His Majesty's Stationery Office (C.D. 5841), under "Life Assurances" (ordinary), page 343, shews that with a capital of £13,000,000, the Assurance Companies shew a profit of £5,500,000—about 42 per cent. per annum. Mr. Rowland Belfort writing on

"The benefits of Insurance" in "The World's Work," March, 1912, says: "One Insurance Company with £13,000,000 invested, makes over £5,000,000 per annum in interest alone."

Most of our Banking Companies shew profits of from 15 to 20 per cent. per annum, and even with comparatively small paid up capital they not only pay these dividends, but pile up huge reserve funds, in some cases greater than the total subscribed capital.

The Assurance Companies have over 300 millions of money invested. A great part of it is advanced to Municipal Authorities, the public find the money each year to pay big dividends to shareholders, who certainly cannot claim to have earned them.

The City of Birmingham's indebtedness is about 17¾ millions, costing about half a million each year for interest alone; would it be considered impertinent to suggest that they should pay off these debts and create a credit or insurance fund sufficient to bring them an income of half a million instead, and thus save the ratepayers of Birmingham one million pounds per annum?

Bank of England.

In "Farrow's Bank Gazette," January, 1912, page four, Mr. John F. G. Bagshaw says:—

"The Bank of England, or rather the Governor and Company of the Bank of England is not a State Bank, but a private body of Stockholders acting as Bankers to the State, it was founded in the year 1694 with a capital of £1,200,000 raised by public subscription, *the whole of it being lent to the State at 8 per cent. per annum interest.*"

"It might reasonably be supposed that the Bank was established with the object of developing English commerce. This was not so; it was merely a political expedient for obtaining money to carry on the Continental wars of William III against Louis XIV. In return for the loan, the Bank was allowed to issue notes up to £1,200,000, and in addition to the interest at 8 per cent. (£96,000 per annum), paid by the Government, the bank also received £4,000 a year for expenses of management."

If we assume that this payment of £100,000 per annum has been continuous since 1694, i.e., for 218 years, it would pay off the original loan 18 times over.

If the original capital of £1,200,000 with 8 per cent. compound interest thereon had been allowed to accumulate, it would in 1912 amount to no less a sum than £20,132,659,200,000, or 1000 times the amount of the total capital in Great Britain assuming this to be 20,000 millions.

Is it in the interest of the community to permit this perpetual drain simply for credit, which the Government could provide free?

The object of referring to these figures is not to cast reflections upon the bankers, but to suggest that the Nation might quite easily make better terms, or do their own banking instead. The borrowers are to blame, you cannot blame lenders for permitting you to earn their living.

The bankers are human, and it is perhaps natural that they should look to themselves or their shareholders first, but the public have interests to serve

that are no less important, and the toll demanded by bankers and their shareholders is out of all proportion to the services rendered by them.

In the same copy of "Farrow's Bank Gazette" it pays a "tribute to the bankers for averting war"—which every sane man should fully endorse. "The cost of a European war would be so enormous that no nation could carry on a campaign for a month without enormous financial assistance on the part of the big banks."

"Two years ago when two great powers were on the brink of opening a world war, the bankers flatly refused to finance the operation. Armies are as they always were, no pay, no fight!"

If the above be true, all honour to the Bankers who had the courage to act thus. On the subject of war Mr. Norman Angell has a good deal to say in "The great illusion;" he says it very well, and his conclusions appear to be perfectly sound.

While Bankers, Stockbrokers, or financiers have money or credit to lend, and so long as they are permitted to charge perpetual interest for the use of such money or credit, so long will poverty, crime, and other social ills be rampant.

If there were no borrowers there would be no lenders, no debts, and the burden of Interest, which is greater than all other burdens combined, would be eliminated.

National Debt.

The British National Debt is a National disgrace, its removal presents no insuperable difficulties. The Chancellor of the Exchequer who succeeds in wiping out this stain in the shortest possible time will solve

many pressing social problems, and achieve a record unparalleled in the annals of Statesmanship.

In the 15th Century Britain had no National Debt; after the hundred years' war with France, followed in the 16th Century by the defeat of Spain on land and sea, no debt was incurred, all the expenses being met out of revenue. Had this practice been continued there would have been fewer wars, and some thousands of millions of pounds would have been saved.

It is a remarkable fact that in 1698, four years after the Bank of England was founded, the first National Debt was incurred amounting to £14,523,000

From 1698 to 1816 the debts had increased to £900,436,000

From 1816 to 1837 they were reduced to £788,000,000

In	1848 the debt was ...	£831,641,566
In	1868 the debt was ...	£797,815,458
In	1878 the debt was ...	£770,921,944
In	1888 the debt was ...	£704,634,952
In	1898 the debt was ...	£762,326,051
In	1901 the debt was ...	£705,723,878
In	1911 the debt was ...	£733,072,610

Giving an approximate average for 100 years, 1811 to 1911, of £775,000,000

The Financial Reform Year Book, 1909, page 124 says: "In 78 years of war the National Debt was increased £918,597,000. In 103 years of peace the National Debt was reduced £169,283,000."

Whitakers' Almanack, 1902, page 190, says: "The annual charge in 1835 was £33,000,000, and in 1854 it was £29,000,000."

Jack's Reference Book, 1911, page 907, gives the "Annual charges for interest and sinking fund from 1893 to 1909 as £26,000,000 average per annum."

Now, according to these figures, the amounts paid for interest, management, and repayment of debt exceed 25 millions per annum for 100 years, hence the ratepayers have already paid £2,500,000,000 and still owe the debt of £733,000,000.

Mr. Thomas Gibson Bowles in "National Finance, 1908," page 7, says: "There is nothing so essential to the welfare of a people as the prudent Government of its Finances, nothing so necessary as the establishment and strict adherence to a sound financial system, nothing so likely to ensure a sound system as the keeping of true and intelligible accounts."

Again on page 21: "Debt is a confession of inability to pay, and it necessarily costs more than paying cash down. For some £250,000,000 of our National Debt *the Nation never received a farthing.* It represented premiums on the loans, and loanmongers profits. No inconsiderable portion of the £620,000,000 which the French war, 1793-1815, added to the debt was borrowed at over 6 per cent." Again on page 20, "In 60 years, 1848-1908, we only paid £69,315,515 off a debt of 600 to 800 millions."

Fortunately the pace has since been accelerated, otherwise with the same rate of liquidation the ratepayers would be called upon to pay no less a sum than 12,000 millions, or sixteen times the amount of the present debt of 733 millions.

The National Debt was created for the purposes of war; the Income Tax, which was originally introduced as a war tax, is now in time of peace 1/- and 1/2 in

the pound. What would it be, and where would British credit be if we embarked upon a war with one of the great powers, that might speedily increase our National Debt by 500 or 1000 millions? This is no party question, it is a National question, of the gravest possible importance to all parties, and one that demands an answer.

The Prime Minister (Mr. Asquith), principal guest of the Central Association of Bankers at the Whitehall Rooms, is reported in the London press, May 9th, 1912, to have said: "Turning to financial questions, there has been an enormous increase in the area for the investment of trust funds, which area approaches two thousand millions sterling."

"We are witnessing every year the opening up of new fields in all parts of the world for investment and *exploitation,* there is a demand for a *higher yield* in the *rate of interest,* and I ask you to observe that the fall in the market value of Government securities has taken place when Parliament has made provision at a greater rate than ever known before for the reduction of our capital liabilities."

"From March, 1906, to March, 1912, the liabilities of the State were reduced by 64 millions, at an average rate of £10,500,000 a year."

Mr. Asquith omitted to state that during the same period (six years), we had also paid £150,000,000 or thereabouts for interest on these same liabilities, and that if Parliament maintained the same rate of redemption it would take 72 years and something like £1,500,000,000 to wipe out the existing debt even if we refrain from borrowing during the same period, and in case of a great war, even this appalling figure

might be doubled or trebled—and we flatter ourselves that we are a practical business-like nation.

An article on "National Debt" by L. G. Chiozza Money, M.P., appeared in the "Daily News and Leader," June 27th, 1912, wherein he says: "The British nation has to provide £24,500,000 per annum for interest, management, and repayment of capital."

"The National Debt is sheer and real debt *unsecured* by any tangible assets; the money was not borrowed for useful public works, but for the purposes of war. There is not a penny of State revenue except the profits from the Post Office, the Suez Canal Shares, and the trifle of Crown lands to go towards the payment of interest and the repayment of principal."

"The aggregate national debt of Germany exceeds £1,000,000,000, but observe the difference between this and the British National Debt. The *British* have *no assets* except the National credit, pledged to pay, pay, pay, from the proceeds of taxation.

The Empire of Germany possesses Railways, Mines, Forests, Canals, Lands, &c., which pay every farthing of debt charges and yield a surplus besides in relief of taxation, hence Germany has in effect no National Debt."

Great Britain is reputed to be the richest country in the world, the chief difficulty appears to be that the assets are owned by a few favoured individuals, whereas the interest has to be provided by the long suffering taxpayer. Is it not amazing that both political parties have permitted this exploitation for more than two centuries? How much longer will the taxpayers tolerate this burden?

In the "World's Work," March, 1912, Mr. A. Scott in an article on the "*National Balance Sheet*" gives the

Gross Liabilities, March 31st, 1911, as £733,072,610.
Net ,, ,, ,, £678,734,239

and says "The National liabilities taken as a whole may generally be considered as the unpaid balance of the cost of past wars, for war and debt go hand in hand."

"John Bull is like many of the citizens of these Islands, fond of buying on the instalment system. The money to replace the Exchequer issues is borrowed as required from the Savings Bank Funds, or elsewhere, and is repaid by annual instalments *with interest.*"

"The *grand* total of indebtedness (if *grand* be the right word), stands for about £16 per head of the whole population of the British Isles, a gross liability of close upon £100,000,000 more than before the South African War."

"The *Interest paid* out of the Annual sum voted by Parliament for debt purposes in the year 1910-1911 was £24,500,000."

"Everybody in these islands, King and peasant, Piers the ploughman, Midas the multi-millionaire, the residents in Park Lane, and in Sidney Street, Whitechapel, the inhabitants of lonely St. Kilda, and of our crowded cities, have all helped. The State has taken toll from all."

The Fall in Consols.

The "Daily News," "Pall Mall Gazette," "Standard," "The Nation," &c., have recently (January, 1912), been discussing the above subject at consider-

able length. Lord Avebury, Lord Faber, Sir Felix Schuster, and many other eminent men took part in the discussion.

Most of the correspondents appear to view this important question from the Investor's point of view only, and many of the suggestions were neither creditable to the writers or to the papers that published them. Lord Avebury ("Daily News," January 10th, 1912), said: "As long as we go on recklessly increasing our National Expenditure we cannot hope for any improvement in the value of our National securities."

I think every citizen will endorse that opinion, but why did his Lordship spoil the sentence by allowing his prejudice to warp his better judgment in the following passage: "The ultimate effect of strikes, by driving away business and creating a want of confidence, is to lower, not to raise wages. If business is plentiful the demand for labour rises, but if we diminish it by driving business away, wages must fall."

I respectfully suggest that the question of wages and strikes do not affect the price of Consols, but the "reckless increase of National expenditure," together with the enormous sums paid annually for credit do seriously affect the income of every manufacturer, and lessen his capacity to pay the increasing rates and taxes, or fair salaries and wages to his workers.

The Editor of the "Daily News" suggested that "Consols" (that have been owing for 100 or 200 years) *should be redeemed in 62 years.*" If the people of Great Britain had the mind, they could quite easily redeem the whole of the National Debt in

10 years; and providing we keep clear of further wars, it is the duty of the Government to wipe out this National disgrace during the next 30 years.

Sir Felix Schuster suggested *"that the Government pay* £83 6s. 8d. *per* £100 *worth of Stock."* Suppose the Government had borrowed from Sir Felix, or from the bank he represents, some millions of pounds, would he accept 83 per cent. as a fair settlement of account?

From the "Daily News," January 25th, 1912, "Sir Felix Schuster, who presided at the half-yearly meeting of the Union of London and Smith's Bank, said, "What appeared above all to be necessary in regard to Consols was the re-establishment of a Sinking Fund on a substantial and permanent basis. In times of peace it was *absolutely necessary that debt should be redeemed on a considerable scale*, for thus only could financial strength be attained for times of trouble; and financial strength and readiness were as essential as strength in armaments."

The above statements appear to me to be the sanest and soundest of any that have appeared in the public press. Financial stability and sound credit are more essential to success in war than dreadnoughts, guns, or anything else.

If the Government of Great Britain obtains money on credit, it should repay £100 for every £100 it borrows, no more and no less; to borrow £93 and call it £100 (as in 1901-2) is not good finance, nor is it creditable to the Government, and to borrow £100 and expect the lenders to accept £83 in settlement is equally dishonest.

All debts should be redeemed in the shortest poss-

ible time. Let the public insist that the generation who create the debts shall redeem them: this was done prior to 1698, and the nation can better afford to do so now.

If we stop borrowing, and pay out of revenue, it will curb extravagance and check reckless expenditure. We have no right to saddle posterity with enormous obligations, for which they have no assets, and the original cost of which has to be repaid many times over.

According to the "Daily News," January 26th, Viscount St. Aldwyn (Sir Michael Hicks Beach), a former Chancellor of the Exchequer, who presided at the meeting of the London and Joint Stock Bank, referring to the fall in Consols, made some statements of the most astounding nature.

Note the following:—"You have to remember that there are two sides to this question. There is the *debtor,* who is the tax payer, and the *creditor* who is the owner of the consols. What is this debt owing to the creditor? Simply a *promise* to *pay* for an *indefinite* time, £2 10s. per annum on £100 worth of Consols. *But the country has never undertaken to pay the capital on the debt at any time at all.*"—Does his Lordship mean to suggest that the British Government has promised to pay for an indefinite period 2½ per cent. on debts it does not owe? Or that it owes debts it will not redeem? In either case it appears to be immoral and unjust, and should be rectified at once. If the money was never borrowed, the Government should repudiate liability for both the debt and the interest. If the money has been borrowed, that fact alone implies liability for the debt.

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"It is now suggested that *a date should be fixed,* say in 1973, when the holder of Consols should be entitled to claim his £100 from the Government whether it likes it or not." "I fear the House of Commons will consider that that *will be making to the holder of Consols a valuable present for nothing at all.*"

May I suggest in common honesty that the whole of the debt should be redeemed long before 1973, and that his Lordship should be called upon to bear his fair share of it. An excellent reason for this suggestion is provided by his Lordship in the following paragraph.

"One Parliament can always undo what Parliament has done in a previous year, and he must be a sanguine man who thinks that we are going to pass through the next sixty years without costly and important wars which may compare very unfavourably in cost and treasure to the South African and Crimean wars." "On every such occasion the sinking fund would certainly be suspended, because it would be ridiculous to pay off debts borrowed at a low rate of interest with one hand, while you were raising an enormously larger sum, possibly at a very high rate of interest with the other." "The *sinking fund* would prove a *broken reed,* the *taxpayer of* 1973 would be called upon to *find* an *enormous sum* by re-borrowing at a time which might *be most dangerous* for the purpose."

This remarkable address, in which the moral question, the right or the wrong, appear to be ignored, has one redeeming feature. After giving an outline of an

alternative which "*might* be a *palliative*, but would be *no more* than a *palliative*, His Lordship concludes by saying: "If the credit of the country is to be restored *there must be a change in our financial policy*. Our politicians, instead of vying with each other in searching for new modes of expenditure, without thought as to how it was to be met, *should practice and teach the virtue and necessity of public economy*," a sentiment that ought to be endorsed by every individual ratepayer, whatever political opinions he may hold.

In 1751, the nine government loans borrowed at different times and at varying rates of interest, were consolidated into one loan, called Consols, bearing one uniform rate of 3 per cent. The market price of these Consols has fluctuated enormously.

TABLE IV.

In 1797	£100	worth of	Consols	were valued at	£48
1802	,,	,,	,,		£72
1812	,,	,,	,,		£59
1824	,,	,,	,,		£90
1852	,,	,,	,,		£98
1872	,,	,,	,,		£92
1880 to 1887		,,	,,		£100 to £102
a. 1888	,,	,,	,,		£103
1897	,,	,,	,,		£114
1899	,,	,,	,,		£111
b. 1900	,,	,,	,,		£100
c. 1902	,,	,,	,,		£94
1907	,,	,,	,,		£84
1911	,,	,,	,,		£78

Note *a*.—In 1888 Lord Goschen's scheme came into force whereby the rate of interest was reduced from 3 to 2¾ per cent., and as the price of consols rose from £103 in 1888, to £114 in 1897, this could not have been the cause of the fall in consols.

Note *c*.—In 1902 the interest was again reduced from 2¾ per cent. to 2½ per cent.

Note *b*.—In 1900 the war broke out in South Africa, whereby £160,000,000 were added to the National Debt in four years.

If British Consols were the only securities that had fallen in price it would be a sure indication that British credit was not good, but all Government securities throughout Europe and elsewhere have fallen, hence European credit must be at fault, or Investors have found more promising outlets; in plain words, a higher rate of Interest for their capital, and they have taken advantage of it.

There is no doubt that both the reduction of the rate of interest, and the heavy increase in the amount of the National Debt, have prejudicially affected the value and the marketability of Consols.

Trust Investments which were limited outside of Consols to about 300 millions, were increased in 1889, 1893, and 1900 by the admission of Colonial and other British Stocks, thus giving a selection for sound investments of 1800 millions, mostly yielding $3\frac{1}{2}$ to 4 per cent., and the 1 per cent. increase has tempted the holders of Consols to re-invest elsewhere.

In addition to these, the enormous development of transport, the increased speed and facilities for travel by land and sea, together with the general expansion of commerce, have opened up new markets for investments in all parts of the world, and so long as borrowers will pay 4, 5, or 6 per cent. they cannot blame the lenders if they take advantage of it; if borrowers would refrain from borrowing this would automatically remove the trouble.

We have become so accustomed to the system of demanding interest for the use of Capital, that the mere suggestion that no interest should be paid appears to many immoral, and when it is proposed that a charge should be made on the Capitalist for

doing for him what he cannot in many cases do for himself—secure his capital and render it remunerative—this would be considered spoliation and robbery.

We frequently hear that "Capital must be secured." What about the security for the mental and physical workers who re-create the capital? Their pay ceases when they cease to work, but the charges made for credit take no holidays; the principal must be repaid in full, with interest charges night and day, Sunday and weekday. Let all Labour have security equal to that claimed by capital, or let the heavy charges made for credit be reduced or abolished altogether.

While the Churches—Greek, Episcopal, and Roman Catholic—are drawing large incomes from investments, and their preachers and teachers—in opposition to the spirit and teaching of the old and new testament, and to that of many of their own greatest divines,—rely also upon investments, how can they expect the cause they profess to represent to prosper? When the preachers shake off the homage they now pay to wealth, and both preach and practice the Gospel of love and service, they may regain the prestige and influence they have lost. How many of them have yet to realise that "they cannot serve God and Mammon."

Mr. A. Scott (in article referred to on page 34), says: "Consols had their origin in 1752 when a number of small loans were consolidated in one £3 per cent. stock of £9,000,000 in amount, which during the series of wars of the last century and a half has increased to £596,000,000."

"In 1797 when the Bank of England suspended cash payments, 3 per cent. Consols made their lowest

record of 47½. In 1910 Consols changed hands at 76⅜."

"In 1799 for a loan of £17,000,000, each subscriber of £100 cash received £200 worth of 3 per cent. stock, and an annuity of 4/11 for a period of 61¾ years. If the Stockholder had held until 1824 (25 years) he could have gained £88 profit on the sale of his stock to Government. This profit be it noted was in addition to receiving 6½ per cent. interest on his invested capital."

"The Nation found, as did Sir John Falstaff, that *there was no remedy against this consumption of the purse,* and *borrowing only lingers and lingers it out, but the disease is incurable.*"

One would scarcely look to stockbrokers for lessons on Economics, nevertheless, one may occasionally learn something from such a source. The "Stocks and Shares Review," March 22nd, 1912, says "Investment and speculation are as a rule regarded as two totally different subjects, yet in reality there is very little to choose between them.

"Dealings of any kind in Stocks and Shares, no matter whether paid for in full or pawned at the Bank involve risk to some extent. One has only to glance at the records of the highest and the lowest prices for any given period to see that all investments, speculative or not, fluctuate in a more or less marked degree."

From the following "Extracts from customers' letters" in a "Stock Market Report" some of the transactions appear to be of a highly speculative character:

"If I didn't approve of having £50 made into

£113 inside a month I would indeed be hard to satisfy." This is at the rate of 1,500 per cent. per annum.

"300 per cent. profit in six weeks is good business"—at the rate of 2,600 per cent. per annum.

"£24 13s. 2d. net profit in 8 days out of £20 is not bad." at the rate of 5,600 per cent. per annum.

"One could not expect a better return than 150 per cent. in a week"—at the rate of 7,800 per cent. per annum.

"50 per cent. in 24 hours is excellent"—18,000 per cent. per annum.

"150 per cent. in 24 hours is very good business"—at the rate of 54,000 per cent. per annum.

"50 per cent. in 63 minutes is a smart transaction"— at the rate of 400,000 per cent. per annum.

These transactions appear to be in the nature of reckless gambling, the parties concerned omit to state that if one individual *wins* (not earns) such sums, some other party loses a similar amount.

An excellent argument in favour of the establishment of a British State Bank is furnished by the following from "Farrow's Bank Gazette" March 1913 page 18.

"A Bank with £17,000,000 Profit."

"The First National Bank of New York started with £20,000 half a century ago. It came out before the "Money Trust" Inquiry at Washington. This Bank paid a dividend of 1900 per cent. in 1901, and some 226 *per annum* since."

There is a growing tendency to trade on borrowed capital, the increased number of Financiers, Stock-brokers, together with the enormous mass of litera-

ture devoted to this subject of Investments is in itself quite sufficient to account for the fall in Consols; the marvel is, considering the slow rate of redemption, and the comparatively small return, that there is any market for them.

There is a perfectly simple and effective remedy. The best cure for the fall in consols is to redeem the debt, as rapidly as possible, say £25,000,000 per annum, a trivial amount for a nation such as Great Britain. This would pay off the whole debt, and wipe out the disgrace in 30 years, and incidentally it would save the British taxpayer thousands of Millions of pounds, anl find a solution for many of our social problems. How this can be done without injustice to anybody is clearly set out in Chapter 11. —The REMEDY.

PROVERBS.

German, French, Hungarian.

German.

"The morning hour has gold in its mouth."

"Better with the wise in prison, than with fools in paradise."

"Gold goes through all doors, except Heaven's doors."

"The poor can live in one house together, when two Kings cannot in a Kingdom."

"They must be strong legs that can support prosperous days."

"Who sells upon credit has much custom, but little money."

"Labour makes bread out of a stone."

"He who drives not his business, his business drives."

French.

"When you are well, keep as you are."

"The man who wants bread is ready for everything."

"When one has not what one likes, one must like what one has."

"It is better to forget misfortunes than to talk about them."

"Fortune can take from us only what she has given."

"One knows not for whom he gathers."

"The little alms are the good alms."

"The biggest burdens are not the most gainful."

"My friend is he who helps me in the time of need."

"We can live without a brother, but not without a friend."

"An empty purse is heavy, but sickness presses heavier."

"A full flour bag, and a full purse are the best relations in the world."

Hungarian.

"It is easier to inherit than to earn."

"Who waits till another calls him to supper may go hungry."

"A loan though old is no gift."

NOTE.—These Proverbs are mostly from "Stories and sayings from many Lands," by Isa Fyvie Mayo (*C. W. Daniell*).

Chapter III.

Borrowing and Lending.

The borrower's necessity is the lender's opportunity, and whatever the amount he exacts, whether 5 per cent. or 5000 per cent. he will rarely admit that he is getting too much.

So long as Governments and Municipalities are foolish enough to borrow, so long will investors fatten on the wealth earned by the industrial section of the community.

Let us suppose that all the people had money to lend, there would be no necessity to borrow, the rate of interest would go down to zero, and many of those who have no faculty for earning their own living, would be quite willing to pay their friends or their bankers some commission for taking care of it provided the capital was secured.

Suppose 20,000 capitalists owned one million pounds each, they could enslave the whole of the 45,000,000 inhabitants and have them absolutely at their mercy in five years, and if they insisted upon 10 per cent for the use of their capital, there would not be a penny left for any one of the 45,000,000 workers who created the wealth.

Imagine a community consisting of 5 capitalists, holding an average of £4,000 each = £20,000; 40 Producers or distributors who have no capital, and who work for salaries or wages. Total 45 individuals.

The total combined earnings amount to £2,000 per annum. If we add six noughts to each of the above sets of figures, it will represent approximately the population, the amount of capital, and the earnings of the British Nation as under,—

Population, 45,000,000 persons.
Capital, £20,000,000,000 approximately.
Income, £2,000,000,000 per annum.

To present the problem in the simplest possible form we will treat the population as if they were all adults, ignore the noughts or millions and consider without prejudice the income of, and the respective proportions for *interest* on capital, and its direct effect upon the *salary* or wage of the worker.

Example No. 3.

With a population of 45 persons, consisting of 5 capitalists with £4,000 average each = £20,000 total capital; and 40 producers with a total income for capital and labour of £2,000 per annum.

	Col. 1. Capital £20,000.	Col 2. 5 Capitalists.	Col. 3. 40 Workers.
		£	£
Interest on £4,000 at	1 per cent. would pay each	40 and leave each	45
	2 ,, ,,	80 ,,	40
	3 ,, ,,	120 ,,	35
	4 ,, ,,	160 ,,	30
	5 ,, ,,	200 ,,	25
	6 ,, ,,	240 ,,	20
	7 ,, ,,	280 ,,	15
	8 ,, ,,	320 ,,	10
	9 ,, ,,	360 ,,	5
	10 ,, ,,	400 ,,	Nil.

NOTE.—The figures in Col. 2 x 5, plus the figures in Col. 3 x 40 = the combined income of £2,000 in each case per annum.

The figures in Cols. 2 and 3 represent the approximate income for each individual, hence if two capitalists in one

family, or three producers in another, the income per family would be proportionately increased.

Suppose any single capitalist had £40,000 capital, his drawings would be ten times as much; and if £400,000, one hundred times as much as the figures given in Col. 2, but the workers' pay for labour in Col. 3 would not be appreciably increased.

It would appear from Example No. 3, the calculations being for each individual, that the relative income would apply with equal force to hundreds or millions of individuals, providing the producers and the capitalists bore the same relative proportion of 8 workers to one capitalist.

It would also appear that if the capitalists claimed 10 per cent. there would be nothing left for any of the men who earned it; also that 5 per cent. would yield each capitalist eight times the amount of the worker, and that any rate over 1 per cent would appear to be oppressive on the worker.

Example No. 4.

Assume a total population of 50, consisting of 10 Capitalists, with £2,000 each = £20,000 total, and 40 workers = 4 to 1 instead of 8 to 1.

Col. 1. Capital £20,000.		Col. 2. 10 Capitalists.		Col. 3. 40 Workers.
		£		£
1	per cent would pay each	20	and each	45
2	,, ,,	40	,,	40
3	,, ,,	60	,,	35
4	,, ,,	80	,,	30
5	,, ,,	100	,,	25
6	,, ,,	120	,,	20
7	,, ,,	140	,,	15
8	,, ,,	160	,,	10
9	,, ,,	180	,,	5
10	,, ,,	200	,,	Nil.

NOTE.—The Capitalists being double the number, receive half the amount each, but the total amounts paid for interest and labour remain the same as in Example 3.

Example No. 5.

Suppose one capitalist provides the £20,000 capital, and that there are 40 workers, and the total income is £2,000.

Col. 1. Capital £20,000.			Col. 2. One Capitalist.		Col. 3. 40 Workers.
			£		£
1	per cent.	would pay	200	and leave each	45
2	,,	,,	400	,,	40
3	,,	,,	600	,,	35
4	,,	,,	800	,,	30
5	,,	,,	1000	,,	25
6	,,	,,	1200	,,	20
7	,,	,,	1400	,,	15
8	,,	,,	1600	,,	10
9	,,	,,	1800	,,	5
10	,,	,,	2000	,,	Nil.

NOTE.—As one Capitalist owns the whole of the capital, he receives ten times as much as shewn in Example 4, and five times as much as in Example 3, but the totals in all three cases are the same.

Example No. 6.

Suppose there are 40 working capitalists with £500 average each = £20,000; and all of them trading on their own capital.

Col. 1. Capital £20,000.			Col. 2. For Capital.		Col. 3. For Labour.
			£		£
1	per cent.	would pay	5	each, and	45 each.
2	,,	,,	10	,,	40 ,,
3	,,	,,	15	,,	35 ,,
4	,,	,,	20	,,	30 ,,
5	,,	,,	25	,,	25 ,,
6	,,	,,	30	,,	20 ,,
7	,,	,,	35	,,	15 ,,
8	,,	,,	40	,,	10 ,,
9	,,	,,	45	,,	5 ,,
10	,,	,,	50	,,	Nil. ,,

NOTE.—As the Capitalists share the work, and the workers share the capital, the distribution is more equitable; they may each claim £50 for interest, and nothing for labour, or £50 for labour and nothing for interest, or £25 for interest, plus £25 for labour = £50 total in either case; but as these conditions would never hold in ordinary practice, it is desirable to

establish a basis that would work equitably under normal or ordinary conditions. This ought not to present an insuperable difficulty.

Suppose we try and anticipate some objections that will naturally be raised, because there are two—or more—sides to every question, and it would be sheer folly to ignore them, or to attempt to prove the impossible; some one may say,—

Objection I. "You must have capital, you cannot do without it."

Admitted, neither wise men nor fools can work without tools, and tools are capital, but that would not justify the capitalist claiming 8/- for the use of the tool, and giving 2/- to the man who uses it. Capital is necessary, the Capitalist may be, and often is, an expensive and useless encumbrance.

Objection 2. "There have always been rich and poor, and always will be."

Certainly, but it does not necessarily follow that a few rich families should remain idle in perpetuity, living like parasites on those who are industrious. The responsibilities and the service rendered should bear some relative proportion to the privileges enjoyed.

True wealth consists not in piling up accumulations of material possessions that a man cannot use, and has no capacity to enjoy, but in the enlargement of ideas, the growth in knowledge, the acquisition of friendships, the skill, power, and moral strength attained by service. He alone who wins and holds the esteem and affection of his fellows may be termed truly rich.

Objection 3. "If you abolish Interest for the use of capital, what would the Widows who rely upon investments do for their living?"

This important question is frequently asked by men who live on investments, and when they find it difficult to justify their own position, become solicitous for the widows or orphans; similar views are however honestly held by thoughtful and considerate men who admit the difficulty, but fail to see that it is an injustice that demands a remedy.

Suppose we consider a hypothetical case where Mrs. Smith say at 50 years of age, loses her husband, who after 30 years of strenuous work has saved and left £10,000 for her use.

Her Solicitor invests the money at say 5 per cent. interest, and Mrs. Smith can draw £500 per annum for her life, or so long as the investment is sound, and the interest is paid. Under the *present system* this appears perfectly feasible and honorable. There are risks of loss of capital, or the interest may not be forthcoming when due, but as a rule, a good Solicitor takes precautions to ensure that the borrower not only *earns* the dividend, but also takes the *risk*, and that his client shall draw the £500 each year for say 20 years, during which time she has received £10,000 and the borrower still owes the original sum of £10,000

I do not suggest that Mrs. Smith or her Solicitor are acting illegally or immorally in this transaction, to argue it out in all its bearings would fill a volume, but we may take this as a typical case and consider some other *Aspects*, because the *effects* in this case may be multiplied by hundreds of thousands.

Aspect A. Suppose Mrs. Smith decides that she can live comfortably on £250, and invests the remaining £250 each year at 5 per cent. interest; at the expiration of the 20 years she will not only have received £10,000, but her capital will have appreciated by about £8,800, so that she could leave to her successors nearly double the amount inherited from her husband, and so far as Mrs. Smith is concerned she and her family have no cause to complain.

Aspect B. The Borrower meanwhile must charge more than 5 per cent., probably 8 or 10 per cent. if he is to earn his living and remain solvent; his clients will enhance their prices also until sooner or later bankruptcy or liquidation in some form or other results, as is borne out by thousands of cases every year.

Aspect C. Now for one Mrs. Smith who is sufficiently fortunate to have a legacy of £10,000 there are probably 50 other widows left without so much as 50 shillings, and quite a number of these widows will have to work all their natural lives to earn interest to keep Mrs. Smith idle; hence we should give the same thoughtful consideration for the penniless widows as we do for the hypothetical Mrs. Smith, and this *aspect* is commonly overlooked.

Aspect D. Suppose that Mrs. Smith were obliged to live on the principal, she could calculate the probable term of life, say 20 years at £500, or 40 years at £250; and if she desired to increase this amount there would be no great hardship if she earned the remainder to supplement her income.

Aspect E. It may be fairly argued that the use of her capital benefited some one, and if it can be shewn that all who are concerned are equally benefited, no one need complain, but under the existing system, an enormous number of men and women are simply wage-slaves, who toil incessantly to keep others who are often better fitted to work, in a state of idle affluence.

There are many Charitable Institutions deriving considerable incomes from land, coal mines, or other endowments.

Opposite my own house, there is an Institution known as the ———— Hospital, in reality a School where 160 boys are housed, clothed, fed and educated free, each boy being apprenticed at the age of 14, when he receives two suits of clothes, a silk hat, a sum of £10 to pay for his Indentures of Apprenticeship, and a further £10 if he shews a clean record at 21 years of age. A noble Institution that has been in existence 250 years, and has turned out thousands of useful citizens.

When I was discussing this currency question with the Head Master, he naturally asked,— "What should we do if the source of our Income were curtailed or stopped altogether?"
The answer to this question may not satisfy the Head Master, or the reader; to arrive at a correct solution, many points would require to be carefully considered, including,—

The Foundation of the Trust, the wish of the Founder, the administration, &c.; all these appear to

be in perfect order, and beyond suspicion. The service rendered does bear some relative proportion to the privileges enjoyed—with this difference—the services rendered to the 160 orphans may be obtained by curtailing the wages or incomes of others who are also in straitened circumstances, and who can ill afford to make the sacrifice. In any event it is one of those exceptional cases where an immense service is rendered, and that should not be interfered with, unless it can be clearly shewn that the burden or hardship borne by the workers who earned the money, was greater than the benefits conferred upon the orphans.

For instance, if A and B become poor orphans because their parents died prematurely through assisting other orphans C and D, this would justify a searching enquiry. However important it may be to exercise charity, it is still more important to aim at prevention, and render charity unnecessary.

The fact remains that they who earn the dividends do not receive them, and those who receive the benefits have taken no part in earning them, and if the maxim that every man shall receive all he earns, and earn all he receives is a sound one, it would be difficult to prove that this exceptional case is equitable to all the parties concerned.

No arbitrary rule can be universally applied against a system, any more than an occasional exception would prove that the present system is in all cases justifiable.

The chief point is that charges of tens, hundreds or thousands per cent. now made for credit, are shamefully excessive, the capitalist is willing to take all he

can get, and the community have the power to prevent it; if he cannot get four per cent. he will accept three, if he cannot get three per cent. he would take two, and if a law were passed making all interest charges illegal, he would loan his capital free, providing the principal were amply secured.

It would be more logical to make a small charge for accepting the responsibility, than to pay huge sums to the capitalist for earning his living when he is incapable of earning his own.

Facts are better than creeds. Be just before generous, prevention is better than cure. Progress rather than privilege, and Right should prevail before Might, are sound economic maxims that should be observed in the concrete as well as in the abstract, hence we must recognise that the only practical way to prevent poverty and destitution at one end of the scale is to check the enormous accummulations of wasteful luxury at the other.

So long as individuals or communities are permitted to exact from 500 to 1,000 millions of unearned increment per annum from the industrial section of the community, so long will poverty and destitution prevail, and all the workers will be simply serving as wage slaves to those who control the capital, or rather the credit of the community. An equitable distribution of one-half the amount now claimed for the various forms of credit, among the workers who earn it would solve many of the social problems, and would prove an inestimable blessing to all grades of society from the peer to the peasant.

There is a constant wrestling with countless social evils. Men and women ill paid, inadequately fed,

herded together in foul slums; children stunted, starved and cruelly beaten; sickness, insanity, pauperism and crime are rampant, in spite of our boasted civilisation, our judicial courts, ecclesiastical institutions, threadbare dogmas, and religious creeds; all of which have failed to provide a cure for the existing anomalies that still await solution.

In all matters of reform, the chief aim should be the elimination of the source of the trouble, to maintain a sound mind in a sound body rather than to provide asylums; to prevent sickness rather than to build sanatoria; to find abundance of useful work rather than benefits for the unemployed; ample pay before 60 years of age rather than a miserable pension after; and to ascertain root causes rather than tamper with effects.

Palliatives are well enough in their way, but the prevention or removal should have first claim. Human lives should be held more sacred than huge dividends, and the happiness and well being of the whole community demands the highest statesmanship.

Reforms do not necessarily consist in doing something new; to undo the old—something that ought never to have been done—is no less important, and to break through old prejudices is far more difficult than to introduce new systems.

PROVERBS.

Servian, Portuguese, Montenegro, Spanish.

Servian.

"What I have anybody may share."

"If I have not anything, woe be to him who has, if he will not share."

"I know your people; all your ancestors died in their beds."

"God and poverty make us wise."

"Only rich men have reason to fear robbers."

"A real Jew will never pause to eat till he has cheated you."

Portuguese.

"Fetters are hateful, though made of gold."

"Give a grateful man more than he asks."

"Honour and profit will not stay in one sack."

"Under a shabby cloak may be a smart thinker."

"Go to your rich friends when you are invited, go to your poor friends without invitation."

"It is bad to have a servant, but worse to have a master."

"Change yourself, and fortune will change with you."

"An empty purse makes a man wise too late."

Montenegro.

"A man without enemies is of little value."

"The just man always goes about with a bruised head."

"Sit crooked, but speak straight."

Spanish.

"The art of being a merchant consists more in getting paid than in making sales."

"It is good alchemy to have an income and spend nothing."

"Ask not after a good man's pedigree."

Chapter IV.

The Ethical and Historical Point of View.

If one searches the records of the ages, one finds it difficult to justify the claims and the exactions made for the use of capital, the evidences against them appear to be overwhelming.

The lending of capital may be justifiable so long as it renders equal service to borrower and lender, when it leads to extortion or oppression it can scarcely be justified. If lent free of interest, the capital should be fully secured,—or insured—and realisable at short notice when required.

What is needed is to organise credit in the interest of borrower and lender, for production rather than for consumption, duty should be placed before dividends.

Capital is accumulated wealth, the inheritance of the present from the past. Labour is industrial continuity, the contribution of the present to the future, and should have the prior claim; at present capital claims priority.

The problem is to secure conditions that would make life worth living; the enactment of laws for social and economic well-being and sustained happiness for all. It will be generally admitted that a just system would assure to every man and woman equitable remuneration for their labour, but so long

as ten per cent. of the people claim 90 per cent. of the produce, there can be no such thing as justice or equity.

What saith the Scriptures on the question of Borrowing, Lending, Increase, Interest or Usury?

Exodus 22-14. "And if a man borrow ought of his "neighbour, he shall surely make it good."

Exodus 22-25. "If thou lend money to any that is "poor, thou shalt not be to him as an *usurer*, "neither shalt thou lay upon him *usury*."

Leviticus 25-36. "Take thou no *usury* from him or "increase."

Deut. 15-8. "Thou shalt open thine hands wide unto "the poor, and shalt surely *lend him sufficient* "for his *need*."

Deut. 23-19. "Thou shalt not lend upon *usury* to "thy brother, *usury* of money, *usury* of victuals, "*usury* of anything that is lent upon *usury*."

Nehemiah 5-7, 10-11. "I rebuked the nobles, and the "rulers, and said unto them, 'Ye exact *usury*, "every one of his brother. I likewise and my "servants might *exact* of them money and corn: "I pray you let us leave off this *usury*. Restore "to them their lands, their vineyards, their "oliveyards and their houses, also the *hundredth* "*part of the money*, and of the *corn*, the *wine*, "and the oil that ye exact from them.'"

One hundredth part (1 per cent.) would scarcely be considered an excessive rate of interest.

Psalms 15-5. "He that putteth not out his money to "usury nor taketh reward against the innocent "shall never be moved."

Psalms 37-26. "The righteous is ever *merciful* and "*lendeth*."

Proverbs 22-7. "The *borrower* is servant to the "lender."

Proverbs 23-4. "Labour not to be rich."

Ezekiel 18-5, 7, 8, 9. "If a man be just, and do that "which is lawful and right, and hath not "oppressed any, but hath restored to the debtor "his pledge, hath given his bread to the hungry, "that hath not given forth upon usury, nor taken "any increase, hath executed true judgments; he "is just and shall surely live, saith the Lord "God."

Ezekiel 22-12, 13. "Thou hast taken *usury* and "*increase*, and thou hast greedily gained of thy "neighbours by extortion, therefore I have "smitten mine hand at thy dishonest gain which "thou hast made."

Habakkuk 2-6. "Woe to him that increaseth that "which is not his."

Matthew 5-42. "Give to him that asketh thee, and "from him that would borrow of thee, turn not "thou away."

Matthew 19-21, 24. "Go, sell that thou hast and give "to the poor, and come follow me. When the "young man heard that saying, he went away "sorrowful, for he had great possessions. Then "said Jesus, 'A rich man shall hardly enter into "the kingdom of heaven. It is easier for a "camel to go through the eye of a needle than for "a rich man to enter into the Kingdom of "God."

Luke 6-20. "Blessed be ye poor, for yours is the "kingdom of God."

Luke 6-31. "And as ye would that man should do "to you, do ye also to them."

Luke 34. "And if ye lend to them of whom ye hope "to receive, what thank have ye? for sinners lend "to sinners to receive as much again."

35. "Lend, hoping for nothing again, and "your reward shall be great."

Luke 12-33. "Sell that ye have and give alms."

34. "Where your treasure is, there will your "heart be also."

Romans 13-8. "Owe no man anything, but to love "one another."

1. Timothy 6-10. "For the love of money is the "root of all evil.'

These references clearly show that the Scripture evidences against Usury are overwhelming.

In an article on "Turk v. Christian" in the "Clarion," January 3rd, 1913, Mr. Marmaduke Pickthall, a representative exponent of Oriental thought, who has spent some years in the East, gives some facts that are humiliating to those who pride themselves on their Christianity.

"All perishable food remaining over from the day's supply was—and is still in pious Moslem houses—distributed each evening to the needy, for fear lest it should go bad in the night, and so be wasted when poor people needed it. The commerce of the Moslem was a dignified social performance. The different trades were organised like Guilds in every city, each having its elected Sheikh or Syndic, whose business was to judge disputes, to punish fraud, to apportion his fair share of gain to every member, and be the spokesman of the trade before the Government. No decent Moslem would *take interest for money lent;*

and *usury, esteemed a hateful* crime, was left to Jews and Christians." . .

The Motive for the Acquisition of Wealth.

Before attempting to find an equitable basis, it would be well to consider what is the *motive* that impels people to work, slave, rob and cheat for the mere acquisition of material wealth that in many cases brings neither health, peace, nor happiness.

It will be generally admitted that people with moderate means, who have comparatively few luxuries, and who even lack some of the necessaries, get more real enjoyment out of life than people in affluence who pass their time aimlessly, and with no real object worth living for.

The chief motive for the acquisition of wealth is not for its own sake but rather for the influence, the power, or the distinction accorded to the possessors of wealth. Material success, the acquisition of money—wealth tokens—simply provide the means to obtain certain ends, and whenever wealth itself is the chief end or object, disappointment and failure will be the inevitable result.

What is the chief object of the lender? Is it to render service to his friend, to help the community, to show his patriotism to his country? If so, the rate of dividend would be quite a secondary matter. Is not the chief motive a desire to live an easy life at the expense of others, to collect dividends that they have done nothing to earn?

There are vast numbers of humane and well meaning people of all shades of politics, who are desirous of improving present conditions; they admit the necessity, but they fail to see that all forms of usury

are more or less in the nature of exactions, and that the giving of alms and so-called charities intensify the trouble; that they are simply palliatives, and frequently degrade both those who give and those who receive.

There are others who have yet to be convinced that there need be no such thing as poverty, that nature provides abundantly for all, that our present system is wasteful and extravagant in the extreme, and that the abolition of these evils is within the range of practical politics.

They do not realise that so long as 30 per cent. of the population are ill-clad, unfed, and indecently housed, simply because they lack the means to pay for the merest necessaries, that such words as unemployment, overproduction, excessive population, emigration, &c., are an open admission of failure, that our form of Government has failed, that our Municipal and Poor Law authorities have failed, that we, as citizens, have failed to grasp the ideals of citizenship. This is a humiliating admission, but if we can only convince the public that it is true, the remedy will surely be found and applied.

Our first step is to educate, to convince, to prove that there are things other than metal counters, means of exchange, money, meanness and selfishness, worth striving for; there are such things as duty, honour, social service, self respect, honesty, justice and love, to do to others as we would that they should do to us; if we would be happy we must strive to make others happy, and this will bring more real satisfaction than all the gold tokens that were ever coined.

It was commonly held that destitution was inevitable, and many considered it providential—"The

poor ye have always with you"—and that this fact called forth almsgiving and charity.

In a properly organised state there should be neither excessive wealth nor extreme poverty, the one is usually the concomitant of the other, and so long as one family is permitted to absorb the earnings of one thousand other families, so long will destitution and suffering exist.

It is capable of demonstration that the middle classes, the upper classes, and even the most wealthy stand to gain enormously by the introduction of just measures, and the beneficial effect upon the poorest class of workers would be inestimable.

Justice to all should be our motto. An equitable distribution of part of the excess wealth, of some hundreds of millions per annum, now claimed as unearned increment, if judiciously distributed, not as alms, but as just pay for honest work, thus swelling the income of the ill paid among the workers, would immediately stimulate the demand for thousands of decent dwellings to replace the horrible slums; for furniture, linen, gas, water, soap, clothing, boots, and a thousand other necessaries that the poorest people now go without, simply because they have no means to buy.

The saving in rates, taxes, crime, and contributions to various charities would be enormous, and the satisfaction of knowing that we were breeding and training up strong, useful citizens, instead of poor, weak, anæmic incapables, would repay for the small sacrifice many times over.

If it pays, and every manufacturer knows that it does pay, to keep tools and mechanical appliances in good order, it is still more important to keep the

human machines in a state of physical fitness, so that they can earn their daily portion, rather than be kept in destitution and idleness. This should be self evident to anyone who troubles to give a thought to the subject. Surely, " the labourer is worthy of his hire."

A system that is productive of purse proud pharasaism, prodigality, parasites, pride and prejudice, will automatically perpetuate its antithesis of poverty, pauperism, penury, pain, prisons and prostitution.

The greater the waste and extravagance at one end, so in the same mathematical proportion will want and destitution be experienced at the other.

The capitalist holds the reins of office, makes the laws, keeps control over the land, the railways, transport by rail, land or water; he makes heavy charges for capital that is non-existent, in fact for credit which in most cases could be dispensed with or provided free of charge by the workers themselves if they would toil less and think more.

The capitalist sells credit, the charges for which appear to be inexhaustible, the amount of this credit is rapidly increasing, and the burden on the community is increasing in the same ratio, because the charges are continuous; as one debt is redeemed, another and heavier debt is created, the salary commonly called interest for the use of this credit knows no finality, and the capital increases like a snowball as each year rolls round; the greater the extortion, the more greedy, selfish and exacting are the claims made for it.

Is it necessary to substantiate this statement? See the London press, November 15th, 1911. " At an ordinary general meeting held at Cannon Street Hotel, November 10th, there was an uproar, angry

shareholders shouted, raved, banged the floor, and indulged in personalities because the dividends declared for the year were 22½ per cent. only, plus a credit balance of £14,176 carried forward as a reserve.

Again, November 16th, 1911,—"£3,880,867 profit. J. & P. Coates. Extraordinary success. 35 per cent. dividends, general reserve fund £4,500,000."—The figures are not very explicit, but the amounts appear to be distributed somewhat as follows:

TABLE 5.

	£
Amount placed to depreciation ...	40,000
,, ,, reserve fund ...	525,000
,, ,, unused balance ...	840,000
,, ,, Capital charges ...	800,905
,, ,, Dividends	1,632,962
,, ,, Workmen's Compensation Fund ...	42,000

In addition to the above extraordinary figures, "it was proposed to add nearly a quarter of a million (£225,000), as an additional bonus to the ordinary shareholders," presumably for what is technically termed watered stock, so that the percentage paid on the capital would appear to be less exorbitant.

Many of the shareholders have probably never even seen the factory, or the people who earn these dividends, but there is no suggestion that it would be more equitable to increase salaries or wages, or to reduce the selling prices of goods to consumers.

It may be argued that some of the present holders paid a large premium on the original shares, and that the yield on their particular holding is 5 per cent. only, but this does not alter the fact that these enormous profits are due to the industrious workers rather

than to the idle shareholders, who speculated in these shares because the prospective returns were the best they could at that time obtain.

If space permitted, thousands of similar cases might be quoted, varying only in degree, from 3 per cent. to thousands per cent. I will give one only from the "Stocks and Shares Review," February 16th, 1912. The name of the Company is omitted.

"When in 1898 this Company was formed, the promoters probably did not foresee the remarkable expansion which has occurred."

"The following will shew the salient features of the past three years."

TABLE 6.

	1909.	1910.	1911.
	£	£	£
Net trading profits	302,912	401,861	491,738
Directors' emoluments	4,638	5,918	8,552
Interest on preference shares...	17,500	17,500	17,500
Dividends ,, ,, ...	90,000	90,000	90,000
Dividends and Bonus, ordinary shares	104,510	231,250	370,000
To reserve	60,000	46,750	10,000
Carried forward	34,307	44,751	40,437

"The total capital amounts to £985,000, the net trading profits for 1911 were only short of one half the entire capital by the insignificant sum of £762."

"The Dividend paid was 200 per cent. for the year, whilst the reserve fund became £610,000."

I can imagine the reader saying, "this is good business, I wish I was the owner of some shares."

If I were drawing any such dividends, I should certainly feel that the workers who earn them were entitled to better pay, or that the customers were entitled to better value for their money. What does the reader think?

PROVERBS.

Turkish, Italian, Grecian.

Turkish.

"We die as we live."

"Well doing is the best capital."

"Of lawful wealth the devil takes half; of unlawful the whole, and the owner too."

"He that does good shall find good."

"A trade is an estate for life."

"It matters less to a man where he is born than where he can live."

"He who has no bread has no authority."

Italian.

"He that would be ill served must keep plenty of servants."

"God save me from my friends; from mine enemies I will save myself."

"Tell not all you know; believe not all you hear; do not all you are able."

"He who has an art has a place everywhere."

"High birth is a poor dish at table."

Grecian.

"Gain does not delight as much as loss grieves."

"God delays, but does not forget."

"Better have disease in the body than ignorance in the mind."

"He who has learned unlearns with difficulty."

"Better be the best of a low family, than the worst of a noble one."

"If you love him don't lend to him."

"He who has much weeps as well as he who has little."

Chapter V.

Usury Considered Chronologically.

The word *Usury* has been defined as follows:—

"The taking of iniquitous interest on a loan."
"Interest of any kind on money lent."
"Any premium for a loan of money."
"Increase taken for a loan of any kind of property."
"The gain taken for a loan of money or wares."
"The gain of anything above the principal."
"The gain exacted in consideration of the loan, whether in money, wares, corn or the like."
"A premium received for a sum of money over and above the principal."
"Any increase on any loan."

This latter interpretation appears to have been accepted by the great teachers for many centuries, also by Bacon, Shakespeare, Dr. Johnson, and is the definition used by recent lexicographers.

The word "Interest" was substituted for "Usury" about the fourteenth century, and although some may assert that both words have the same meaning, others would contend that Usury meant only *excessive* or iniquitous increase, whereas a *reasonable* amount of interest is permitted by legal enactments.

Blackstone says: "When money is lent on a contract, to receive not only principal, but an increase as compensation for its use, the *increase* is called interest

by those who *think* it lawful, and usury by those who do not."

Even when or where it may be considered lawful, it does not necessarily follow that it is just. This is no new question, wherever we find records of human history, we appear to trace the extortion of those who possess the power, and the direful effects on those who are in need.

2,300 *B.C.* In the "Science History of the Universe," Vol. 10, page 256, it says: "It may be somewhat of a surprise to find that those features of financial life that are regarded as particularly modern, should be found in the laws of Hammurabi (circa. 2,300 B.C.). Thus banking had evidently reached a high point, and one tablet remains shewing that money had been advanced during the harvest, but that on the harvest day, it was to be repaid at a rate of 20 per cent."

On page 258 it says: "The bitter antipathy to usury is conspicuous in Hindu Law. The *Brahmin* was *absolutely forbidden to take interest.* In the later laws of Manu the merchant caste was allowed to take interest not exceeding 15 per cent., and interest was compounded."

"Compounded interest, however, if taken by any other than the merchant caste, was a grave sin, with heavy spiritual punishments."

1706 *B.C.* The 47th Chapter of Genesis (verses 20 to 26) graphically describes how a whole nation were completely enslaved and a permanent tax of 20 per cent. imposed upon them. "And Joseph bought all the Land of Egypt for Pharaoh; for the

Egyptians sold every man his field, because the famine prevailed over them: so the land became Pharaoh's." "And as for the people, he removed them to cities, from one end of the borders of Egypt even to the other end thereof."

"Only the lands of the Priests bought he not; for the Priests had a portion assigned them of Pharaoh, and did eat their portion which Pharaoh gave them, wherefore they sold not their lands."

"Then Joseph said unto the people, behold, I have bought you this day and your land for Pharaoh; Lo! here is seed for you and ye shall sow the Land."

"And it shall come to pass in the increase, that ye shall give the fifth part unto Pharaoh; and four parts shall be your own, for seed of the field, and for your food, and for them of your household, and for food for your little ones."

"And they said, thou hast saved our lives; let us find grace in the sight of my Lord, and we will be Pharaoh's servants."

"And Joseph made it a law over the Land of Egypt unto this day *that Pharaoh should have the fifth part,* except the land of the Priests only, which became not Pharaoh's."

From this record Joseph does not appear to have been a very scrupulous financier, apparently he had grave doubts as to the justice of the whole transaction, for while shewing favour to the priesthood, he oppressed the peasants "and scattered them from one end of the borders of Egypt even to the other end thereof."

The effect of the bondage and slavery to which the Israelites were subjected will be found in Exodus,

Chapters 7 to 14, wherein the ten plagues of Egypt are described, culminating in Chapter 14, verse 28, "And the waters returned and covered the Chariots, and the Horsemen, and all the host of Pharaoh that came into the sea after them; there remained not so much as one of them."

What the Great Teachers Say.

Aristotle, 320 B.C. "Condemn those who engage in base practices, such as usurers who give little in order to receive more; their gain is sordid, unjust, and base; their ungenerous money transactions are rapine."

Again, "Labour produces all wealth."

Plutarch, 46 *A.D.,* asks: "Are we not ashamed to pay usury? Not satisfied to remain within the limits of our own means we, by giving pledges and forming contracts, manufacture the miserable yoke of our own slavery. Fly the tyrant usurers; the debts of these barbarians beget sooner than they conceive. They demand as soon as they lend. The usurious borrower heaps debt upon debt, and sinks in multiplied embarrassments."

Tacitus, 120 A.D., relates how rigorously the Roman Republican Governors, when the republic was on the very pinnacle of power, dealt with the evil. "Laws were made to repress the mischief (usury) while yet the manners were pure and uncorrupted. . .By a law of the Twelve Tables it was reduced to one per cent., and more was declared illegal. In process of time, a new regulation, proposed by the tribunes, lowered it to *one half per cent.,* and finally it was *abolished altogether.*"

Saint John Chrysostom, Archbishop of Constantinople, 400 A.D. "There is nothing more cruel, nothing more infamous, than the usury so common among men."

"The usurer traffics on the misfortune of others; he enriches himself on their poverty, and then he demands his usury, as if they were under a great obligation to him."

"Avarice is an incurable malady, an ever-burning fire, a tyranny that extends far and wide; for he who in this life is the slave of money is loaded with heavy chains and destined to carry far heavier chains in the life to come."

St. Jerome, 420 A.D., summarises the teachings of the Fathers of the early Christian Church as follows; "Some persons imagine that usury obtains only in money, but the scriptures foreseeing this have exploded every increase, so that *you cannot receive more than you gave.*"

He defined usury thus: "est usura suos qusiquis tradit mihi nummos spe lucri" (It is usury for anyone to lend me money in the hope of gain).

The early fathers of the Christian Church were emphatic in their condemnation of usury. The Bishops St. Clement, 100; Tertullion, 225; Cyprian, 255; St. Basil, 370; Ambrose, 390; St. Gregory, 390; Jerome, 415; and Augustine, 426, were unanimous. In 810 Charlemagne forbad the taking of usury by Priests or Laymen. The Popes forbad it under severe penalties. Priests who were guilty of it were degraded, and laymen were excommunicated. *Interest paid could be reclaimed from the Usurer or from his heirs.*

Edward the Confessor's (1050) attitude was un-

mistakably hostile to usurers. He outlawed usurers and confiscated their property.

1126. A Council at Westminster approved the degradation of Clergy found guilty.

Council of the Lateran (1159). "We reprobate that detestable, profane, and insatiable rapacity of usurers, odious to the divine and human laws, and exploded in both testaments; and deprive them of every Ecclesiastical consolation, ordaining that no Archbishop, Bishop, Abbot, of any order, or any person in Holy Orders do, without the greatest precaution, presume to receive notorious usurers, but let them be held during life under infamy, and unless they retract, deprive them of Christian burial."

Council of Trent Catechism. "Rapine is a greater sin than theft, which in addition to the thing carried away inflicts violence and great insult. To this head may also be referred usurers, the most cruel and bitter of the whole tribe, who squeeze and grind the miserable poor with usury."

The Third Lateran Council, 1160-1180 (Time of Pope Alexander 3), declared that "because the crime of usury so much prevails that many by no means care how it is condemned in both testaments, we have therefore decreed that notorious usurers be not admitted to the Communion of the altar, nor if they die in their sin receive Christian burial, and let none receive their offering. Whoso (being a Cleric) shall indeed have received it, or afforded them Christian burial, let him be compelled to restore what he may have received."

Pope Alexander 3, 1180, in an epistle to the Bishop of Placentia, said: "Your Brotherhood thought

proper to consult us what is to be done with the children who succeed their deceased parents in the crime of usury, or with the strangers to whom, you say, the property of the usurer has fallen. We answer, that the sons of the usurers are to be compelled to make restitution as rigorously as the parents would have been had they lived. We believe also that the same treatment is to be observed towards strange heirs."

1311. A Council at Vienna confirmed the denunciations of previous Popes and Councils.

Bishop Hooper, 1490 (time of Queen Mary). "As for Usury, it is none other than theft."

Archbishop Sands. "This canker (usury) has corrupted all England. It has become the chief merchandise of England. We shall do God and our country true service by taking away this evil."

Martin Luther, 1540, denounced usury with a vigour—nay, a fierceness—that would be considered outrageous now-a-days. "The heathen was able, by the light of reason, to conclude that the usurer is a double-dyed thief and a murderer. We Christians, however, hold him in such honour that we fairly worship him for the sake of his money. Whoever eats up, robs and steals the nourishment of another, commits as great a crime, as far as in him lies, as he who starves a man or utterly undoes him. Such does the usurer, and sits awhile safe on his stool, when he ought rather to be hanging from the gallows. Little thieves are put in the stocks, great thieves go flaunting in gold and silk. Therefore, is there on earth no greater enemy after the devil, than a gripe-money and usurer, for he wants to be God over all men.

Henry VIII. in 1546, legalised Interest, fixing a statutory maximum of ten per cent.

Edward VI. (1553). His son, seven years after, repealed the Statute, and issued a decree that "No person shall lend on usury or increase to be hoped or received *beyond the sum lent.*"

Bishop Jewell (1570), (*Time of Elizabeth*) wrote,—"As the sea is never filled with water, though all the streams of the world run into it, so the greediness of the usurer is never satisfied, though he gain never so unreasonably. The sea is profitable, the usurer is hurtful and dangerous. By the sea we may pass and come safely to haven; but no man passes by the usurers without loss or shipwreck."

And again,—"One asked Cato what it was to commit usury. What is it? said he again, To kill a man? He that is an usurer is a murderer." The same Cato saith, "Our Fathers punished a thief with payment of the double of that he had taken, but the *usurer* was *always condemned to pay four times the money.* They were wise men; they thought the usurer was worse than a thief. There was never any religion, nor sect, nor degree, nor profession of men but they have disliked usury. Philosophers, Greeks, Latins, Lawyers, Divines, Catholics, Heretics, all tongues and Nations, have ever thought an usurer as dangerous as a thief. The very sense of nature proveth it to be so. If the stones could speak they would say as much."

Elibabeth. (1600). (13 *Eliz. Cap.* 8) revived Henry VIII. Statute, but had the grace to add "And it is adjudged by authority of Parliament, that all usury being forbidden by the law of God is a crime

and detestable "—(The Law of God however, had to give way before the desires of man, as will be seen later.)

Lord Bacon (1620). "The usurer is the greatest Sabbath breaker, for his plough goeth Sunday and work-days alike."

James I. (1625) fixed the maximum rate of interest at 8 per cent "Provided that no words in this Statute contained shall be construed or expounded to allow the practice of usury, in point of religion or conscience." (A really comic illustration of the moral straits to which the Crown was reduced in the process of serving God and Mammon.)

Cromwell (about 1656) sanctioned the return of usurers, but afterwards reduced the rate of interest to six per cent.

Queen Anne (1714) further reduced it to a maximum of five per cent.

Dr. Johnson (1870), Tory though he was, foresaw the evils of profit-mongering; "Depend upon it" said he, "This rage for trade will destroy itself. You and I will not live to see it, but the time will come when there will be an end to it. Trade is like gaming. If a whole company are gamesters, play must cease because there is nothing to be won. When all nations are traders, there is nothing to be gained by trade, and it will stop where it has been brought to the greatest perfection."

Bishop Pilkington (The first appointed to the Protestant See of Durham. "How he (the usurer) standeth on his reputation; he sitteth on the Bench and looketh big; he speaketh courteously and dealeth cruelly, he defendeth his doing to be charitable when

he eateth up a house, lands, and goods, turneth infants a-begging, and over-turneth the whole kindred."

John Wesley (1790) urged his followers to "suffer martyrdom rather than commit usury."

Rollin in his "Ancient History" says: "Usury has always caused the ruin of the States where it has been tolerated, and it was this disorder which contributed very much to subvert the Constitution of the Roman Commonwealth, and gave birth to the greatest calamities in all the Provinces of that Empire."

Gibbon. (1790) ("Decline and fall of the Roman Empire") emphasises that "the most simple interest was condemned by the Clergy of the East and West. The Fathers are unanimous; Cyprian, Basil, Lactantius, Chrysostom, Gregory of Niassa, Ambrose, Jerome, Augustine, and a host of Councils and Casuists."

Rayment, A. W. An Australian economist of good standing, replies to George's theory as follows: "The primary cause of Interest is the institution of private property in land. George was not far wide of the mark when he expressed the opinion, that the cause of Interest is the active power of nature. But, according to his own shewing, the active power of nature can only be availed of by having access to Land, and to monopolise Land is pratically to monolise the active power of nature; and if it be wrong for an individual to monopolise the active power of nature and demand rent, then it is wrong for another individual to participate in that monopoly, and demand a share of that rent under the name of

interest. The one fact which, probably more than any other makes it so hard to believe that Interest is robbery, is that the man who lends money to another frequently does him a service, and possibly a very good service; but however great the service may be to the individual, *it does not alter the fact that somebody in the end must be robbed.*"

Talleyrand (1836) cynically remarked that, "Mankind are divided into two great classes—The shearers and the shorn. You should always side with the former against the latter."

Lord Macaulay (1852) wrote "Like a spreading ulcer which leach-craft may not cure. Let your foul usance eat away the substance of the poor."

Henry George (1881.) The eloquent "Prophet of San Francisco," while suggesting the right of an owner of Capital to take interest for its use under certain circumstances, nevertheless comes down heavily on the theory that interest is the reward of abstinence"—"Abstinence is not an active, but a passive quality, abstinence of itself produces nothing, why then should any part of what is produced be claimed for it? Accumulation is the end and aim of abstinence. Nor of itself can it even do this. If we were merely to abstain from using it, how much wealth would disappear in a year? and how little would be left at the end of two years."

The circumstances in which Henry George would justify interest are those where capital is invested in such industries as those in which its increase is naturally effected, such as the breeding of cattle, etc., where "the increase is distinct and separable

from labour. The active power of nature, the principle of growth, of re-production etc."

Morrison Davidson. "The usurer is expert at his trade, for he contrives not merely to lay the *wage-earner* under contribution, but the rent-monger and the profit-monger as well. When he wants to prey on wages, he generally opens a pawn-shop or a small loan office, and whenever low wages or no wages fall to the lot of the worker, then is the harvest of the money-lender. In addition to interest, unredeemed pledges are duly sold by him, and bills of sale executed. While the worker sinks hopelessly in the trough of an ocean of adversity, the money-lender swims buoyantly on the top of the swelling wave of prosperity."

"War, like slavery, Landlordism, and usury, is after all merely a bad custom inherited from barbarous ages. The moment you reason about it, it stands utterly condemned." And again "Under the feudal system the King personified the nation. From him the Barons held their Land for services (chiefly in the field) equivalent to one fourth of their Incomes. In times of war each Crown-tenant was bound according to his holding, to repair to the Royal Standard with so many men, and such and such supplies. A Dukes' revenue was supposed to average £800 per annum, an Earls £400; a Baron's £265; a Knight's £20. While this state of things lasted in its integrity, many wars were waged, but not a penny of debt was contracted. The Nation paid its way."

Professor W. J. Beal (New York). "No blister draws sharper than does interest. Of all industries none is comparable to that of interest. It works all

day and night, in fair weather and foul. It has no sound in its footsteps, but travels fast. It gnaws at a man's substance with invisible teeth. It binds industry with its film, as a fly is bound in a spider's web. Debts roll a man over and over, binding him hand and foot, and letting him hang on the mesh until the long-legged interest devours him. There is but one thing on a farm like it, and that is the Canada thistle, which swarms with new plants every time you break its roots, whose blossoms are prolific, and every flower is the father of a million seeds. Every leaf is an awl, and every branch a spear, and every plant like a platoon of bayonets, and a field of them like an armed host. The whole plant is a torment and a vegetable curse, yet the farmer had better make his bed of Canada Thistle than be at ease upon interest."

On the question of Usury, John Ruskin is particularly emphatic. Thus, " Usury is properly the taking of money for the loan or use of anything, (over and above what pays for wear and tear) such use involving no care or labour on the part of the lender. It includes all investments of capital whatsoever returning 'dividends' as distinguished from labour, wages or profits. Thus anybody who works has a right to wages for his work; any inspector has a right to payment for such inspection; but idle persons who have only paid one hundred pounds towards the road making, have a right to a return of the hundred pounds—and no more. If they take a farthing more they are usurers. They may take fifty pounds for two years, or five pounds for twenty years; but the first farthing they take more than their hundred, be it sooner or later, is usury."

"And thus in all other possible or conceivable cases the moment our capital is increased by having lent it, be it in the estimation of a single hair, that hair's breadth is usury, just as much as the stealing of a farthing is theft, no less than stealing a million."

"But usury is worse than theft, in so far as it is obtained either by deceiving people or distressing them, generally by both; and finally by deceiving the usurer himself, who comes to think that usury is a real increase, and that money can grow out of money; whereas all usury is increase to one person only by decrease to another; and every gain of calculated Increment to the rich, is balanced by its mathematical equivalent of Decrement to the poor."

Again, "Any honest and sensible reader, if he chooses, can think out the truth in such matters for himself. If he be dishonest, or foolish, no one can teach him. If he is resolved to find reason or excuse for things as they are, he may find refuge in one lie after another; and dislodged by each in turn, fly from the last to the one he began with. But there will not long be need for debate—nor time for it."

"Not all the lying lips of commercial Europe can much longer deceive the people in their rapidly increasing distress, nor arrest their straight battle with the cause of it."

This is a scathing indictment of the present capitalist system, and whether or not we accept literally all the hard things Mr. Ruskin says, is a matter that each individual must decide for himself, but everyone who troubles to think at all, must admit that some drastic alterations are needed if any redress is

to be found for the existing evils that are so universally admitted and deplored.

Here we have in a condensed form the opinions of the Greatest Teachers throughout the ages, covering a period of upwards of 4,000 years, all of them unanimous in their condemnation of usury. Were the founders of the Brahmin, Buddhist, Jewish and Christian religions all mistaken?

Were the Kings, Queens, Popes, Bishops, Rulers, Noble Lords, Divines, Philosophers, Statesmen and teachers all wrong?

History has placed upon record that the Egyptians, Babylonians, Grecians, Romans, and other civilizations of the past, have become little more than a byword and a memory. Further that the cause of their downfall has in all ages been due to selfish luxury, prodigality, and utter disregard of the welfare of the wealth producing members of the community.

Professor Northcote has rightly said—"Man learns the distance of the stars, he reconstructs the life of bygone ages, he transmits wireless messages through space; but the most vital problem, how *to secure a happy and healthy life for every man, woman and child,* is the last thing he considers."

Is the British Nation to follow in the wake of the other one-time great nations of the earth and become a spent force?—I wonder!

It is not necessary to go back hundreds or thousands of years to obtain overwhelming evidence of the importance of this question of Finance. So recently as February 3rd, 1912, the Chancellor of the Exchequer, Mr. Lloyd George, is reported to have said,—"The corner stone of sound Finance is Peace

on Earth and Good Will amongst men "—and again, "The late Government contracted the bad habit of borrowing money that ought to have been met out of revenue. Mr. Asquith very properly changed that, and instead of borrowing he paid out of current income. It is not an increase of expenditure, but it is a much more honest measure."

Let me say here with the utmost respect that I fear all our governments for the past hundred years have been more or less addicted to this pernicious system of borrowing. Unfortunately for the long-suffering ratepayer, our entire credit system, National and Municipal, is based upon usurious charges for credit, commonly called *Interest,* which (as I have shewn) has been condemned by all the great teachers of the past.

The wealth producer is the Prometheus on whose vitals the vultures of usury prey. Industry must either get rid of the load or sink under it crushed and helpless. This question of financial reform is a root question, it is *the* question from which other gangrenous social growths spring, its ravages may be temporarily checked by pruning, but an uprooting policy is the only permanent cure.

Mr. Winston Churchill (First Lord of the Admiralty) said in his speech at Belfast, February 8th, 1912, "The next most important question to that of religion was the question of finance."

Had he gone so far as to state that the careful consideration of Finance was more important than the question of Religion he would have had little difficulty in obtaining strong evidence in support of his claim.

The following remark taken from a speech he delivered on February 9th, at Glasgow, supplies a powerful indictment in that direction. "There is no doubt that the Nations of Europe are pressing each other forward into an avenue of almost indefinite naval expansion and expense. We may have our own opinion as to how far future generations will compliment the present age upon the *Wisdom, the Christianity,* and the *Civilization* which *have made* that *sterile* and *dangerous competition* so large a *feature* of our *lives;* but there it is, and we shall have to meet it."

I have no personal ends to serve, no political axe to grind, and am firmly convinced that this financial question is the gravest, most serious, and the most important we have to consider; compared with it the question of work, wages, pensions, insurance, free trade or tariff reform are side issues; any one of them, or all of them may be of service, but they are all palliatives, they deal only with effects, and the only solution must be a root cure.

In the "Morning Post" April 1st, 1912, there was a letter from Thos. Gibson Bowles, M.P. which every ratepayer should read, mark, study, and inwardly digest. He says that our total expenditure has increased from £108,900,000 in 1895 to £200,700,000 in 1911" an increase in expenditure of 84 per cent. in 16 years.

He further says that "The State debt funded and unfunded was at March 31st, 1911, £733,000,000 and that other guaranteed loans and contingent liabilities estimated at £226,000,000, have to be added, thus

making the total State liabilities £959,000,000, and add to this Local Authorities' Loans £600,000,000 gives a *total National liability* of the stupendous sum of £1,500,000,000."

One may well ask what are the ratepayers doing, what are our city and town councillors doing, what are our members of parliament doing to permit this stupendous folly?

May I suggest that there is a perfectly simple remedy for this financial paralysis if only our Statesmen will have the courage to apply it; and if they neglect this paramount duty, the ratepayers have the power, and must exercise it for electing other members of parliament who will give financial questions preference over all others. The solution is quite simple. *Stop borrowing, pay off all existing debts as rapidly as possible, and supply their own credit* (if credit is needed). If the hundreds of millions now paid for credit were transferred as payments for service, we should have Heaven on Earth in less than thirty years.

PROVERBS.

Russian, Danish, Norwegian.

Russian.

"The nobleman is always in the right when the peasant sues."

"When money speaks truth keeps silent."

"Truth is straight, but judges are crooked."

"Hope in the Lord, but exert yourself."

"Riches come from God, and are given you only for a short time."

"Bury not your wealth in the ground."

"Better to beg than steal, but better to work than beg."

"The future belongs to him who knows how to wait."

Danish.

"He is worthy of sweet who has tasted of bitter."

"No one gets into trouble without his own help."

"Always to be sparing is always to be in want."

"It is safe to lend barley to him that has oats."

"A lord without land is like a cask without wine."

"Empty waggons make most noise."

Norwegian.

"Home is still home, however homely."

"He that can deceive in one matter can deceive in many."

"The spirits of truth and liberty are the pillars of society."

"Old times are sweetest and old friends surest."

"Better silence than ill speech."

"Every man has a right to rule his own."

"We never lack meat, though it is not so easy to come by money."

"Good sense in a strange place is better than riches."

Chapter VI.

National Wealth.

At the commencement of the nineteenth century, the land and capital of England were valued at £500,000,000 sterling. In the present year of 1912, £20,000,000,000 would be considered a moderate estimate. An increase of 3900 per cent. in about 110 years. This has been brought about by the industry of the community.

Mr. W. E. Gladstone, M.P., February 14th, 1843—House of Commons—said:

"While there was a decrease in the consuming powers of the people and an increase in the privations of the operative classes, there was at the same time a great accumulation of wealth by the upper classes, and a constant increase of capital."

Mr. C. Buller, M.P., April 7th, 1843—from the opposition side—said:

"We see extreme destitution throughout the industrious classes, and at the same time incontestible evidence of vast wealth augmenting."

"A superior want of conscience is often the determining quality which makes a millionaire of one who otherwise might have been a poor man."—Henry George.

"It has long been known that the poor have no right to the property of the rich; I wish it also to be known that the rich have no right to the property of the poor."—John Ruskin.

"We must all toil or steal—howsoever we name our stealing."—Carlyle.

According to the "Westminster Gazette," Thursday, Sept. 30th, 1909, Sir Francis Mowatt (Permanent Secy. to the Treasury for 10 years) is reported to have said: "The income of the Nation is more than £2,000,000,000 increasing steadily, and at least £30,000,000 are yearly added to the national capital."

"The wealth of the nation exceeds £70,000,000,000." He omitted to say how much of this amount is capital invested, or available for investment, but assuming that the whole amount claims 3 per cent. interest only, it would absorb the "£2,000,000,000 total income of the Nation" and leave nothing whatever for the workers who earned it.

London Press, May 21st, 1909. Mr. Lloyd George (Chancellor of the Exchequer) said,—"The *capital of this country is* £15,000,000,000."—If we assume that 5 per cent. interest is claimed for the use of this capital it will absorb £750,000,000 or *more than a third of the total national income.*

Daily Mail Year Book 1910, page 19. "The *Income* of the Nation is more than £2,000,000,000 increasing steadily, and savings of from £200,000,000 to £300,000,000, are yearly added to the National Capital."

"The wealth of the nation, if Sir R. Giffen's estimate of 1904 is accepted, must now be about £20,000,000,000."

The "Birmingham Daily Mail," June 16th, 1909, said,—

"At a Meeting of the Royal Statistical Society,

Mr. George Paish read a paper on 'Great Britain's capital invested in other lands'—He stated that a sum of £2,700,000,000 brought an annual return of £140,000,000. Before the close of the current year the capital invested abroad would probably exceed £3,000,000,000, and in seven years, 1905—1911, we should place £700,000,000 of new capital in other lands, or about one hundred millions a year."

The London Press, May 25th, 1911, says "Mr. Edward Speyer, speaking at the Princes Galleries, Piccadilly, on the export of Capital said.—'There was plenty of capital available for home enterprises, it had been estimated that Great Britain had supplied the world with £3,500,000,000 of capital."

Mr. Asquith (Prime Minister) said, "Of some £3,500,000,000 of British Capital *which mainly in the lifetime of one generation* had left these shores, at least one half had been devoted to the development of our Colonies."

According to the "Statistical Abstract" (C.d. 5841) 1896 to 1910," page 315,—"The paid up Capital of Railway Companies in Great Britain in 1910 was £1,087,000,000." Page 325,—"The paid up Capital of 51,787 Registered Companies was £2,178,619,734." Page 333,—"The amounts cleared at London (and Provincial) Bankers' clearing houses for the year 1910 was £14,639,000,000." Shewing an increase of ten thousand millions in forty years.

On page 349,—"Deposits in the Bank of England June 1910 were £62,519,000.

Page 343,—"Life Assurance Companies"

Paid up Capital	£13,108,544
Life and Annuity funds ...	£336,413,595
Fire and Marine funds ...	£20,130,261
Reserve funds	£4,764,042
Profit and loss, balance ...	£5,626,048

Referring again to Railway Companies, Mr. L. G. Chiozza Money, M.P., says in the "Daily News" April 30th, 1912,—"The net profits of the British Railway Companies for 1910 were £47,356,000, and there were about 600,000 men, women and boys in their employ."

Now, if we assume that all these employees receive twenty shillings per week, the whole year round, the amount paid in dividends for the use of capital amounts to 50 per cent. more than the total wages paid to 600,000 workers who earn the said dividends, and this same remark applies to Banks, Insurance Companies, and many other large Corporations; the industrials find the labour, and the investors take the greater share of the pay.

The "Investment Handbook" published by the Investment Stock Exchange Limited, contains over 1800 pages of "Investments for Capital," and these are augmented each year.

With all these outward indications of material wealth, how is it, why is it, that you cannot pick up a daily paper or a magazine but you find constant references in the press, from the pulpit, and from the people, of poverty, destitution, disease, crime, and a general feeling of unrest and insecurity?

For hard everyday facts thousands of pages could readily be found bearing unmistakable evidence of these Social diseases. For 50 years politicians have

been promising "Peace, retrenchment, and Reform." Meanwhile, in 20 years, 1892-1912, our national expenditure has doubled—from 90 millions to 180 millions, and apparently no effort is made to stem this appalling extravagance.

What is the use of piling up records of more work, more wages, increased exports and imports, bigger ships, bigger guns, and a greater output all round unless the community as a whole derive some benefit?

Is it not time that we set about to economise, to check the waste and extravagance, to retrench, and to introduce some real measures of reform? The people who have votes have it in their own power to work out their own salvation if they would only have the sense to apply it.

Mr. Asquith (Prime Minister) has said,—"The magic of property is not in possession, but security." He might also have added that the best possible security would be a nation of healthy, happy, cultured and contented citizens.

Happiness is not derived from mere possessions, nor misery from the lack of them. The owners of material wealth are frequently the most unhappy, whilst many who have the barest necessaries get a good deal of enjoyment, make great sacrifices to help others in need, and render service beyond all praise.

An individual with a high ideal is noble; a community with lofty ideals is full of majesty. As Ralph Waldo Emerson has said,—"They only who build on ideals build for Eternity."

The accumulation of riches is not wealth, it is more frequently "Illth;" luxurious living and extravagant prodigality will not make a nation great. To quote

Ruskin,—"There is no wealth but life. That country is the richest which nourishes the greatest number of noble and happy human beings."

Money is like medicine, the less you take the less you need, and the more you have the more you want. The best asset for the individual or the nation is to remember that *Health* is *Wealth*, and that only "Righteousness exalteth a nation."

The worker invests his labour—the only thing he has to invest—this is His capital. Labour is paid for once only—and then inadequately—whereas the payments for credit know neither sleep nor rest, and are frequently owing after they have been paid many times over, as in the case of the National debt.

Avaricious money-getters are the evil products of a vicious system. If the system is abolished and the facilities for exploitation removed, the evil propensities will gradually disappear, and they and their victims derive mutual benefit thereby.

Financiers, Stockbrokers and money lenders are increasing rapidly, because the business of *lending* is more profitable and less arduous than *work*. Reformers should therefore keep constantly in view the following aims.

1. The reduction of charges for credit until the profits derived therefrom are less remunerative than those obtained for doing useful work.

2. If money is to be loaned, let it be done by the Government at low rates, or free of interest.

3. Prevent the huge accumulations through usury; and the wages for labour will rise automatically as the charges for credit are reduced.

4. The prevention of enormous wealth will reduce the appalling poverty.

5. The very poor should be exempt from taxation, and all earned Incomes under £250 exempt from Income Tax.

6. Incomes to be subject to a graduated tax, commencing with 1d. at £250 graduated to 2/- at £10,000, and unearned incomes to pay double the amounts charged on earned Incomes, all to be equitably arranged, and impartially enforced.

7. Any attempts to deal with effects only, and to ignore the causes, will be foredoomed to failure.

PROVERBS.

Dutch, Arabian, Syrian, Persian.

Dutch.

"Better a drained land than a lost land."
"Who gives to me teaches me to give."
"God pays not weekly; he pays at the end."
"The best goods are the cheapest."
"A smart coat is a good letter of introduction."
"Set thy expense according to thy trade."

Arabian.

"It is more noble to pardon than to punish."
"Poverty without debt is independence.' '
"He gives double who gives unasked."
"Lay not burdens on any but thyself."

Syrian.

"The oppressor is a waster and a destroyer, the righteous man is one who buildeth up."
"He who gathers more than he needs heaps up for another."
"The miser is a fountain from which man draweth not water."

Persian.

"Poverty through honesty is better than wealth from the treasure of others."
"The produce of the globe cannot satisfy a greedy eye."
"God preserve us from overwhelming poverty."
"Open not the door of covetousness; but when it is opened, shut it not with harshness."
"As thou yieldest no honey, wound not with thy sting."
"Those who are richest have the greatest wants."

Chapter VII.

Waste.

A VOLUME might easily be written on the sources of waste without in any way exhausting the subject. If the total value of time, labour and effort now wasted could be utilised, the saving effected from this source alone would be sufficient to feed and clothe the whole population.

Mr. L. G. Chiozza Money, "Riches and Poverty," page 144, says that "£100,000,000 annually are spent by the working classes, and £400,000,000 by the rest of the population, in ways that do nothing towards making life nobler or happier." Page 149, "Since 1860 some £6,000,000,000 of income which should have passed into reproductive capital has been drawn away in forms of expenditure to the degradation of the community." This refers to the dissipation of income for immaterial luxuries for a limited number of unduly rich people, while 12,000,000 others are kept in poverty, and, according to the 1911 Census, some 30,000 are absolutely homeless, sleeping in barns or out of doors.

Can anyone explain why in nearly all the chief centres of wealth production, the streets should be narrow, ill lighted, badly paved, the buildings ugly and dirty, and the parts where the workers are housed filthy and uninviting? Surely the centres where the wealth is created—Widnes, Wigan, Poplar,

East Ham, and Cradley Heath are as important, and should be made as attractive as Bath, Bournemouth, Oxford, or other residential towns.

Why is manual labour that is so essential for the universal well-being considered degrading? Why should the labourer who is equally essential for the generation and re-production of wealth, who provides food, clothing and material comforts for the race, be compelled to go unfed or ill-clad himself, and be universally despised?

Throughout the ages the sower, the reaper, the builder, the workers in metals, stone, fuel production, the soldier, the sailor, and even the teachers have received the scantiest possible recognition. Is the work of the capitalist, the stock-broker, or the money lender more essential to the community than the provision of necessaries? If not, why are those who live riotous days, sensuous nights, in idle luxury, the drones of society who neither toil nor spin, held in the greatest honour, and awarded with distinction.

The people have been taught by the Capitalist press to worship success, that money is the only means of attaining success, therefore they must worship money because of its power. Honesty or integrity have little power and less credit, if you doubt it go to any bank and ask for an advance of £1,000 on credit without security.

The people are slow to realise that money is not wealth, that gold, silver, or other metal tokens are valuable only so far as they are exchangeable for other property.

Take the following brief summary of some of the chief sources of waste, and reflect whether the money

could not be more evenly and advantageously distributed.

Our present system creates rogues and vagabonds, and then sets up Courts of Justice, prisons, and a huge army of officials to punish them.

We create paupers by the million, and spend about 14/- per head per week to maintain the unfit, whereas half the amount judiciously expended would keep them physically fit.

The creation of huge debts, National, Municipal and Commercial, and the payment of enormous sums for credit that could be provided free, absorb hundreds of millions per annum: 25 millions for the National Debt, 20 millions for Municipal Debts, 34 millions for railways, and many of these are increasing instead of being steadily reduced by a rational and comprehensive scheme of redemption.

Annuities and pensions granted in perpetuity are a source of waste that ought not to be tolerated. No service rendered by any individual will justify pensions to his heirs for ever.

The extravagance in our Army, Navy, and other national services are a fruitful source of waste. Lord Avebury is reported to have said, March 27th, 1907: "The present enormous expenditure—Army and Navy—will, if continued, inevitably lead to the ruin and bankruptcy of Europe and the misery of our poor people. It is a disgrace to Statesmen, and they who insist on maintaining the present extravagance incur a tremendous responsibility."

Our Statesmen not only perpetuate, but are constantly accelerating the pace of this ruinous expenditure, for on October 11th, 1911, a leading London

daily said: "We can hardly picture the meaning of such a sum as £1,100 millions (spent by eight States in ten years), and yet every farthing of this sum has been spent *unprofitably*. This vast sum represents a double drain, the drain of money and the even more pitiful drain upon human faculty."

The "Daily Mail" Year Book, 1908, page 57, says: "The cost of criminals, poor and lunatics is £50,000,000 per annum." If we calmly consider the ever increasing sources of waste in financial, industrial, commercial, and distributive undertakings, in legal, theological and professional matters, the sum total is perfectly appalling.

Note the following from "The Investors' Summary," January 6th, 1912: "The fierce tigerish fight for business in a "House" with 5,000 members, and only enough business for a thousand, creates a nervous tension which leads to a good deal of dog-eat-dog business."

The sheer waste of money at election times upon vulgar posters and the least desirable of all forms of literature, is monstrous; the same thing applies to pernicious weekly and monthly periodicals, and in a more limited degree to the daily press, the prejudice and bias of contending political parties, one swearing that white is black, and the other that black is white, is degrading and demoralising. I am of opinion that 75 per cent. of the daily literature is sheer waste.

The sums wasted on advertising and commercial travellers trying to foist goods upon the public is simply enormous.

The Chancellor of the Exchequor, Mr. Lloyd George, is reported to have said in the City Temple,

October 17th, 1910, "that five-sixths (83 per cent.) of the adults who die in the course of a year leave no property worth anyone's while to pick up." And again, "The wasteful and extravagant expenditure of our country's resources tends to depress the standard of living. Take the money spent upon armaments, the civilised countries of the world are spending nearly £500,000,000 a year upon the machinery of war. In addition to that they are withdrawing from useful and productive labour some of the best brains, some of the most effective labour in their respective countries."

The Chancellor of the Exchequer represents the party who for the past fifty years have been promising "peace, retrenchment and reform." When is it to commence? In 1876 the National expenditure was £74,977,589, the estimated expenditure for 1911-12 was £182,621,000, shewing an increase of nearly £108,000,000 in thirty-six years. Are we to burden the community with a further increase of £100,000,000 during the next thirty years, or commence the financial reform that has been promised so often, and is now much overdue?

At the conclusion of the speech, the Chancellor of the Exchequer said: "What is to be done? The remedy must be a bold one; we are hopelessly in arrear, the problem has to be considered on a large scale, and woe to the generation that lacks the courage to undertake the task."

I believe that National Financial Reform is more urgently needed than any other or every other reform, and if Mr. Lloyd George wishes to live in the hearts of the people for ever, he has now the

opportunity of doing something to merit their gratitude.

The promotion of Municipal bills, and the Legal contentions for schemes of Incorporation, Extension of boundaries, increased powers, Purchase of Public utilities, and the opposition to these schemes; in all such cases, whether successful or otherwise, the ratepayer has to pay, pay, pay.

The duplication of unnecessary industries, the manufacture of useless or unnecessary articles that are made only to sell, and usually the goods and the purchaser are sold at one and the same time.

The graft of stock-brokers, land-holders and shareholders appears never to be satisfied; the more they receive the more rapacious they become. The effect of this is seen in Insolvency reports published in the "Statistical Abstract" for 1910, from which it appears that the Bankruptcies for 15 years have shewn an average of over 4,000 per annum, while the Administration Orders (County Court) have increased from 3,715 in 1896 to 6,902 in 1910.

The Bankruptcy Liabilities in the year 1910 amounted to £8,211,678, and the liabilities in assignments amounted to a further £3,450,922.

One scarcely expects to find lessons on Economics in magazines devoted to Stocks and Shares, yet the "Financial Report," November 30th, 1908, says: "The hundreds of millions lost by holders of stocks in the last few years were lost by the most conservative class of investors in the world." "It has been stated upon incontestible authority that over £2,000,000,000 have been lost in the United Kingdom

alone in the last ten or twelve years, and all this at the expense of the little people."

Suppose we consider briefly some of the minor sources of waste which are no less important, and that represent in the aggregate stupendous figures.

Every year we purchase from abroad millions of pounds worth of cattle, pigs, bacon, fowls, eggs, butter, potatoes, fruit and grain, that could be and ought to be, produced at home.

The waste in the sale and distribution of milk, matches, soap, and scores of other daily necessaries is appalling; consider the question of transit. Stand at the terminus of any of the railway stations in London, Manchester, and other large cities, and watch the enormous crowds pouring in every morning and out every evening; the same by tram, boat, or bus, thousands crossing and recrossing in all directions, and calculate the value of their time and fares to appreciate the waste.

The same thing applies to all kinds of commerce; goods sent from North to South of England, the same class of goods sent from South to North, the travellers who sell the goods doing the same thing, crossing and recrossing continually, spending half the day in travelling and more in fares than the value of the time thus occupied.

What is the effect of all this waste of superabundant energy, and crowding dense populations in wretched unwholesome surroundings?

The community are called upon to pay high rates, excessive rents, and prices for commodities out of all proportion to their initial cost.

One shilling per thousand gallons for water that costs one halfpenny to pump.

Two shillings and sixpence per thousand feet for gas that costs about tenpence.

One shilling per gallon for beer that costs less than fourpence to brew.

One shilling for a patent medicine that costs about one penny.

Fourpence per unit for electricity that costs less than one penny.

Railway fares, freight, and all kinds of transport are equally extravagant in cost.

Put up at a first class hotel and note the charges. 2/- to 5/- for a bed, 3/- to 10/- for dinner, 10/- to 15/- for wine, 1/- for a cigar, and finally tips to the attendants in livery of an amount that ought to be ample to pay your hotel bill in full.

Tips of all kinds should be abolished or prohibited. They are unscientific and exasperating methods of paying increased dividends, sweating the servants or waiters, and demoralising to the giver, the receiver, and all who are directly or indirectly concerned. Some fifty per cent. of these excessive charges go to pay ground rents and interest on capital to unknown and absentee shareholders.

Of all the sources of waste, that embraced in the one word "War" is probably the most prolific. This subject has been so ably dealt with by Mr. Norman Angell in his excellent book, "The Great Illusion," that nothing I can say would be half as effective; it is in my opinion the best book published in recent years, and one that every Britisher ought to carefully study.

I am fully convinced that a Sound System of Fin-

ance could be inaugurated, together with scientific control of the means of production, exchange, transport, the elimination of middlemen sweaters, of the excessive charges for rent, interest, rates and taxes, that would cut down the cost of living, and increase the total payments for useful service, if only the public could be educated to see the wasteful and extravagant folly of our existing system.

Will you assist in this education? If anything contained in this book arrests *your* attention, think it over, discuss it freely at your Club, in the Council room, the Chamber of Commerce, the Bank, the counting house, the factory, the stores, or in the mine.

If you are living on investments only, look round and see how you can best repay the Community for the Service they render to you.

Are *you*, by any form of useful Service, earning your own living, as manufacturer, artisan, labourer, merchant, manager, shopkeeper, assistant, or in the university, medical, legal, scholastic or other professions?

Do you realise that you now receive about one half of every pound you earn, and that for every pound you spend, you receive about half its value in return, and that you have the power to reverse these conditions?

The fact that *Service* can be assessed by a cash *Standard* of payment is demoralising, but unfortunately no other *Standard* is recognised. If existing conditions are to be improved, three things are essential:—

Better pay for every kind of useful Work.
Restriction in the charges made for Credit.
The Elimination of Waste.

PROVERBS.

Chinese, Japanese.

Chinese.

"Much cash will not come, if a little does not go."

"When a country is ill-governed, riches and honour are things to be ashamed of."

"One year borrows another year's food."

"He who does nothing but sit and eat, will wear away a mountain of wealth."

"The people starve because those in authority devour too many taxes."

"He is rich who knows when he has enough."

"Riches come better after poverty, than poverty after riches."

"He who hastens to be rich incurs peril."

"Riches adorn the house, virtue adorns the person."

Japanese.

"All that we are is the result of what we have thought."

"This wealth is mine, says the fool. He himself is not his own."

"A gentleman regards what is right; a vulgar person what will pay."

"A wise man looks for justice; a fool looks for favours."

"There is no companion so sweet as pure charity."

"Practise the art of giving up."

"Pleasure is the seed of pain; pain is the seed of pleasure."

"Wheresoever one's home is, that is his Capital."

"Health is the greatest of gifts; content the best riches; trust is the best relative, and perfect repose is the highest happiness."

Chapter VIII.

The Argument.

I AGREE with the Rev. Thomas Yates when he says: "At the root of every religion in the world there are two convictions about life. That there is something wrong and that *there is a solution.*"

We need earnest effort for both the material and spiritual well-being of the people, the most dangerous foe to freedom is apathy, a contented slave will remain a slave: there is such a thing as "a divine discontent"; when conditions become intolerable discontent leads to revolt, and it is very little use for us to complain, our duty is to find a solution and apply the remedy without waiting for revolution.

We must first satisfy ourselves that this is possible, next educate the people, and convince them that poverty and destitution are effects, that every effect has its cause, that the cause of poverty is the comparative ease with which capital claims all excess wealth, that so long as the claims of the non-producer are excessive, so in proportion will the producer receive less than his due.

After convincing the workers we must convert the capitalists and demonstrate that they stand to gain enormously in proportion to the service they also render, then, and not until then, may we proceed to apply the remedy. It may take five years or fifty, but it has to be done if it takes 500 years, so the sooner we make a start the better for all concerned.

The reformer's mission is not merely to teach, but to arrest the indifferent, to stimulate thought, to inspire, to fire the enthusiasm, to draw out the highest and noblest ideals of humanity.

This is true education, civilization and statesmanship.

If we were to devote one half the energy and skill for the promotion of happiness that we now devote to the increase of wealth, we should realise a foretaste of the Kingdom of Heaven here and now. Under present conditions the insane scramble for wealth, or rather for the position, power, or distinction accorded to the possessors of wealth is a distinct form of mania that dwarfs the intellect, and suppresses all ideals that should make for the betterment of the community. To work, to think, to render service, to make others happy, is the surest and sanest way of obtaining happiness; this is to live, at present we only exist.

The nineteenth century may be rightly termed the Mechanical Age. Every mechanical invention, whether for the saving of labour, the increase of output, the reduction of cost, or to add to the profit, pleasure or luxury of travel, should be of service to all. We appear to have been obsessed with mechanical mania, and to have been wholly engrossed in perfecting *machines* instead of producing *men*. The machine is steadily but surely reducing the man (or minder) to the same dead level of the machine he looks after. The men are mere "hands"; instruments (like the machines) for producing "*profits*," the latter being absorbed by those who have the monopoly of the means of production—commonly called Capital. This

has a baneful and brutal effect on the Capitalist, it demoralises and pauperises the worker, and it is not good for the general welfare of the Community.

Ralph Waldo Emerson said: "It is the one base thing to receive and not to give." "Our age and history for these thousand years has not been the history of kindness but of selfishness. Our distrust is very expensive. The money we spend for courts and prisons is very ill laid out. We make by distrust the thief, the burglar, and incendiary, and by our court and jail we keep him so."

"Every child that is born must have a just chance for his bread. Let the amelioration in our laws proceed by concessions from the rich, not by grasping from the poor."

"Let us understand that the equitable rule is, that no one should take more than his share, let him be ever so rich. We must begin by habitual imparting."

Mr. Fielding Hall says on page 149 of "The Inward Light:" "We surround ourselves with comfort and with beauty, and remain unlovely masters of it all. We live in a hurry, out of breath, always struggling, fighting, hot and angry. We have need to learn of the inner life; the hidden, real, valuable things of life, that which endures—ourselves."

Mr. Fielding Hall is quite right. We are so engrossed in trying to earn a living that we have no time to live.

While I am engaged on this article an unfortunate coal strike is dragging along. The Press and the Pulpit appear to me to have failed lamentably in their duty in this emergency. The Press apparently lacked the courage to express definite helpful

opinions, but indulged freely in heartless, soulless, sensational head lines, enough to make every Britisher hang his head for very shame.

Note the following headlines taken from the Daily Press.

The "Daily Mail" (page 7) Monday, March 25th, 1912.

"£390,000,000 in a day. Loan subscribed 32 times over."

"In the midst of starvation. Sunday without fire or dinner."

"Crowds at Sunday soup kitchens."

"Workhouse overflowing."

"£2,300 raised for relief in a day."

"1,200 destitute mothers and children."

"6,000 poor, served with two pennyworths of coke."

"Sheffield's 25,000."

"Crowds waiting for bread."

The "Daily Mail" (page 5) Tuesday, March 26th, 1912:

"50/- a ton for coal at the pit head."

"Scenic Banquet, £200 spent in electric effects alone."

"Coal sold in Newcastle yesterday at £4 8s. 6d. a ton."

"20,000 workless in the streets of Middlesborough."

"Homes stripped of all."

"Coalowners' 1,000 guineas for relief."

"£250,000 profit from one stack of coal at Denaby."

"Storming of a bank. Five men shot."

The "Daily Chronicle," (page 5) Wednesday, March 27th, 1912:

"Mine disaster, 83 men entombed."
"Coal owner leaves huge fortune. £100,000 death duty to be paid."
"Lost railway traffic £1,100,000 in a fortnight."
"Relieving distress. South Wales owners give £3,000."
"Yorkshire owners gifts, £1,300."
"Starvation at Doncaster."
"School canteens and soup kitchens."
"3,000 children fed at Merthyr."
"Pathos at Leeds soup kitchens."
"Free cocoa for the destitute."
"Thousands facing starvation in North Staffordshire."

We claim that we are a Christian Nation, we boast that we are practical people, we try and imagine that no other Nation will bear comparison with Great Britain, and yet we permit a system that is responsible for this state of things. Well may the Revd. Odell N. Tribe say, (in "The Morality of Interest,")—"When this thing is done in the way of business, then, I am bound to say so much the worse for the business. I will never believe that the Sons of God cannot do business together as brothers, but under the guise of serving one another must all be on the make. Can this system be deliberately maintained in what still likes to call itself (I cannot imagine why) a Christian Nation."—"Have such expressions as "*Society*" and "*Community*" no meaning except for the philologist?"

The Rev. R. J. Campbell was reported in the public press, November 1st, 1911, to have said when lecturing at Philadelphia, U.S.A., "No successful

business man of modern times can be honest." Is not this a scathing indictment on our vaunted Christianity?

The Rev. Father Belford, a prominent Brooklyn Roman Catholic (Daily News, April 10th, 1912) in an article in a Magazine called, "The Mentor," is reported to have said, "The Socialist is more dangerous than cholera or smallpox. Yes! he is the mad dog of Society, and should be silenced if need be by a bullet."

A nice Christian sentiment from a man who is paid to preach the Fatherhood of God, and the brotherhood of Men.

How is it? Why is it that the representatives of the Roman Catholic and the Episcopal Churches have always opposed, and still persist in opposing the efforts of Scientists to arrive at the truth, and the attempts of Reformers to better the conditions of the people?

Well may G. Bernard Shaw say (March 12th, 1912) "The condition of this country is deplorable. No one appears to have any faith whatever in appeals to reason, justice, or humanity. It is a horrible deplorable state of things when appeals to violence and intimidation are the only things that produce effects."

It is sometimes said that a general advance in wages would proportionately increase the prices of commodities, and that the workers would consequently derive no real benefit. Suppose we examine this statement.

Assuming that wages were increased by 50 per cent. and that rent, fuel, clothing and all other commodi-

ties were also advanced 50 per cent., the benefits, if any, would be problematical, especially to the casual labourer, but to those receiving fixed salaries, or in regular and constant employment, they would have increased opportunities for saving if they had the desire to save.

Under present conditions the workers receive about one third of the total wealth produced, (33⅓ per cent.) and assuming that the wealth production remained the same, and that salaries and wages were increased 50 per cent., then 33.33 plus 16.66 (equals 50 per cent.), they would then receive one half of the total wealth produced, and must benefit in like proportion.

It may be fairly argued that the benefits would be in excess of the actual money equivalent for the following reasons:—

A general increase in wages would increase the demand for all useful commodities.

It would largely increase the total wealth production.

It would result in wider and better distribution of same.

It would increase the incentive to all forms of useful employment, the demand for more labourers, and a larger total output of useful commodities.

In proof of these statements, please bear in mind that whatever the total income may be, the individual be he rich or poor can only

Live in one house at a time,
Sleep in one bed at a time,
Occupy one chair at a time,
Have one meal at a time,
Wear one suit of clothes at a time.

hence a man of wealth often wastes on useless luxuries what might reasonably find common necessaries for a thousand others.

This will be clearly exemplified by the following illustration on the distribution of total earnings, amounting say to £1,000,000.

TABLE NO. VII.

Assume that	1	man	claims the total income of		=	£1,000,000
or	2	men	may claim	£500,000 each	=	,,
,,	5	,,		£200,000 ,,	=	,,
,,	10	,,		£100,000 ,,	=	,,
,,	20	,,		£50,000 ,,	=	,,
,,	50	,,		£20,000 ,,	=	,,
,,	100	,,		£10,000 ,,	=	,,
,,	200	,,		£5,000 ,,	=	,,
,,	500	,,		£2,000 ,,	=	,,
,,	1000	,,		£1,000 ,,	=	,,

If the million pounds were distributed among 1,000 men, each requiring a separate house, furniture, food, and clothing, it follows that the effective demand for all useful commodities would be much greater than if one individual claimed the lot; he would be seeking investments at high rates of interest for his surplus wealth, thus *increasing* instead of *relieving* the burden at present borne by all those who engage in labour, either of brain, hand or muscle, labour of any kind or for any purpose.

The laws are at present enacted by owners rather than by the producers of wealth, estimable men no doubt, but many of them suffering from the illusion that it is the surplus capital that creates more wealth. Once it is made clear that all those who own more wealth than they can use productively, shall be expected to pay the Government or the community for taking care of it for them, (the same as they would

for storing furniture or plate) instead of exacting as at present, millions of pounds from the community for doing work for them that they cannot do themselves, the incentive to idleness will be removed, and an impetus given to industry and useful employment by one and the same operation.

This will in my opinion do more to solve the pressing problems of poverty, crime, unemployment and labour unrest, than all other proposals combined.

Millionaires are multiplying rapidly, poverty is increasing in consequence at an accelerated ratio, both are a danger to, and a burden on the community, and the suppression of the one would eliminate the other. It matters not how many millions a man possesses, providing he is not permitted to tax the community for its use; let him pay for the privilege instead of charging for it, and it will adjust itself in a few years without much trouble or difficulty.

The Miner's occupation requires a certain amount of skill, he of all men is entitled to a living wage, he toils in darkness and danger that we may have light; he faces danger of accident, and oft-times goes to his death that we may have heat and life; he faces difficulties to provide for us comfort and luxury; he spends a great part of his life in ungracious toil and abnormal conditions that are deserving of recognition, and considering the ceaseless round of drab monotonous labour, the marvel is that so many are willing to engage in the occupation without more adequate remuneration.

I have personal friends who own or work collieries. I know there are grave risks of loss of capital. I have lost hundreds of pounds in the coal trade, but

this does not alter my opinion that the Miner is entitled to a living wage, that the industry as a whole can well afford to pay it, and if not, the selling price should be raised until it could, and I respectfully suggest that if all collieries were worked for Service rather than for dividends, it would be easily possible to devise a scheme of assurance whereby the abnormal profits from the more favoured collieries might be allocated to offset the losses (if any) of the less favoured ones; and when the conditions are such that it costs more to raise than the coal is worth, then let the colliery be closed.

If the figures given in the public press are correct, where a number of large collieries specifically mentioned shew average profits over a term of seven or more years of 25 per cent. to 68 per cent., there should be no difficulty in paying a living wage to all the men who by their arduous toil help to create these dividends.

These collieries are probably exceptional, but the same article gave particulars of all the collieries for which figures were available, 92 in number, including those pits that had paid no dividends, and stated that the average distributions for a period of 13 years were $9\frac{1}{2}$ per cent. on the capital invested.

A coal strike for four short weeks, one million workers refuse to work as a protest against the shameful inequalities so glaringly depicted in the daily press, the whole industrial organisation is thrown out of gear, not only a coal famine but a food famine stares us in the face, and one million of the wealth producers are starved into submission.

In spite of this awful calamity, if the Government

and the great financial houses were to apply for £1,000,000,000 offering good security and say a 5 per cent. return, the capital would be subscribed within 24 hours, although there is not £200,000,000 of coined money in the country; and yet we cannot—or rather some say that we cannot—afford to give a guarantee of 5/- per day to the men engaged in the hardest, roughest, dirtiest, and most dangerous of our industries, although all parties admit that the request is extremely modest, no one dissents, but the men must be taught a lesson. And in this so called Christian country, the Press and the Pulpit are afraid to speak out against this iniquity.

If (as some people assert) it is capital that earns the wealth, why these enormous losses every time there is a dislocation of labour? May I ask those who make such claims for capital, *what would happen if all the workers positively refused to do work of any kind for three short months?*

The answer would be that *all the boasted capital would be a useless scrap heap, and the whole Empire one huge cemetery for rich and poor alike.*

Surely to prevent such a calamity is worthy of a supreme effort; all that is needed is simple common justice.

PROVERBS.

African, Burmese.

African.

"A man may be born with a fortune, but wisdom comes only with length of days."

"People think the poor are not so wise as the rich; saying if they be wise, why are they poor?"

"When a dog acquires possessions, men call him 'My Lord the hound.'"

"By labour comes wealth."

"The parasite has no roots."

"A poor man has no friends."

"It is better to be poor and well than rich and ill."

"Gold should be sold to him who knows its value."

"He that forgives, gains the victory."

Burmese.

"Remember that life and death are one."

"The thoughts of his heart, these are the wealth of a man."

"A husband accumulates wealth, a wife preserves it."

"The worth of a wise man is known by his speech."

"Time forever destroys, forever renews."

"Better than the Lordships over all worlds is the reward of the first step in holiness."

"Good actions spread a beneficient shade from the world of men to the world of angels."

Chapter IX.

Evolution or Revolution.

THERE appears to be a concensus of opinion that we as a nation have outgrown our present system, and that a comprehensive scheme for amending or superseding it is inevitable. It is undesirable that any revolutionary, catastrophic or sudden attempts should be made to dispossess by violence one class in the hope of benefiting some other class of the community. Such revolutions have never yet been, nor are they likely to be satisfactory; usually the effects have recoiled upon the instigators with most disastrous results.

It can however be clearly demonstrated that revolutions of the most momentous importance have been, and are constantly being brought about by the simple and more effective process of *Evolution.* Suppose we take a brief glance at important events in history.

582 B.C. Pythagoras discovered that the planet on which we live was a sphere, and yet there are people still living who believe that the earth is flat.

500 B.C. Parmenides also declared the world was spherical, and was laughed at for his pains.

550 B.C. Anaximander propounded the idea of organic evolution, and 2,400 years later Charles Darwin and Alfred Russell Wallace were ridiculed for advancing similar views.

430 B.C. Anaxagoras, after studying the meteoric stone, that fell at Ægespotomi, inferred that such fragments must abound in space, and were thrown off the earth whilst revolving, also that the Sun, Moon, and Earth had been originally one mass.

56 A.D. Aristarchus by a system of measurement showed that the sun was many times further from the Earth than the Moon, and had a clear conception of the Solar system as we know it.

1543. Copernicus revolutionised astronomy by declaring that the earth was not the centre of the universe.

1592. Bruno was burnt to death for advancing views similar to those propounded by Aristarchus 1650 years previously.

1630. Galileo was persecuted for inventing the telescope, which the scientists refused even to look through.

1752. Benjamin Franklin was considered a dreamer when he demonstrated before the Members of the Royal Society that lightning was due to a discharge of electricity.

1769. James Watt obtained a patent for a condensing steam engine.

1770. Thomas Gray maintained that railways were practicable and was threatened with a strait jacket.

1798. Wm. Murdock of Redruth, Cornwall, introduced the lighting of Boulton and Watts' factory, Birmingham, by means of coal gas.

1810. The Chartered Gas Company was established for lighting streets, shops, and houses by means of Gas.

1820. Sir Humphrey Davy ridiculed the idea of London being lighted by gas, and yet he was the inventor of the safety lamp for the use of Miners in pits.

1830. P. S. Gerard and the Academie-des-Sciences considered that the proposal to supply water up to the fifth storey was too absurd to consider.

1831. Michael Faraday made notable discoveries in Electricity, chemistry, and the magnetization of light.

1830. The first Railway was opened for passenger traffic.

1838. Steamships first crossed the Atlantic.

1840. The Astronomer Arago was ridiculed by the French Academy when he suggested the feasibility of the Electric telegraph.

1840. The penny postage was established.

1866. The first electric cable laid across the Atlantic.

The conquest of nature, the scientific adaptation, subjugation and application of earth, air and water for the benefit of mankind, are marvels for which the nineteenth century will mark an historical epoch.

It is difficult for us to realise how many marvels of science that are the commonplaces of to-day, were a century ago absolutely unknown or deemed to be impossible; this fact alone should give courage to those who are seeking a solution for the present economic troubles.

When in 1800 Henry Bell applied to the Admiralty for permission to demonstrate the practicability of propelling vessels by steam, the Noble Lords declined

to grant it. In 1803, he again made application, supported by Horatio Nelson, who said,—"My Lords, if you do not adopt Mr. Bell's scheme other nations will."

While I am engaged on this paper I notice in the "Daily Chronicle" August 31st, 1912, under the heading "Hundred years of Steam,"—

"The Glasgow celebrations of the centenary of the *Comet*, the first steam driven vessel to run this side the Atlantic, reach their climax to-day. The *Comet* was designed by Henry Bell of Helensburg, and was built by J. Wood and Co., Glasgow. She was 42 feet long, and 10 ft. 6 in. beam, 4 nominal horse power, and speed seven knots."

"Henry Bell, supported by Lord Nelson, failed to impress the British Admiralty, and even when James Watt told Bell he could not expect to succeed where others had failed, he fought on with splendid courage until his object was achieved."

"The pathos of the whole thing is that Henry Bell would have died of want had not the Clyde Trustees allowed him a pension of £100 per annum. The Government afterwards voted him the munificent (?) sum of £200."

"The first steam propelled warship for the British Navy was built at Deptford Dockyard in 1822, and the first steam driven iron warship (the *Trident*) was launched in 1845 for the British Navy at Blackwall."

The Popular handbook of Finance, page 48, under the heading "Panics," contains the following,—

1814. "240 British Banks stopped payment."

1825. "The collapse of bubble companies brought about the failure of 770 Banks."

1829. "People in Yorkshire were compelled to live on bran, and 200,000 families emigrated."

1841. "Owing to Railway speculation the failures in Great Britain exceeded £20,000,000, and the discount rate reached 13 per cent."

1857. "Failures in U.S.A. amounted to £111,000,000."

1866. "Messrs. Overend Gurney and Co., and many other Bankers failed through over speculation."

1892. "Failure of Messrs. Baring Bros., and many other English financial houses, building societies, and Trust companies. Also many Bank failures in America, and nearly all the Banks in Australia stopped payment."

For some of the Marvels of the age, I would refer the reader to a book of over 500 pages on "The Wonderful Century" written by that grand old veteran scientist Mr. Alfred Russel Wallace, who celebrated his 90th Anniversary in January, 1913. The book treats on locomotion by land and sea, labour saving machinery, thought, heat, light, physics, chemistry, electricity, astronomy, geology, evolution, physiology, phrenology, hypnotism, miltarism, greed, and concludes with a chapter on,—"The remedy for want in the midst of wealth." His suggested remedies are no less drastic than his condemnation of the present Social System is severe, and others of the greatest writers and clearest thinkers declare the system to be a broken down failure.

When George Stephenson proposed to construct a railway from Birmingham to London, Sir Ashley

Cooper replied,—" Your scheme is preposterous and absurd."

Mr. Murdock advocated the possibility of lighting by gas, and was asked how he could possibly obtain light without a wick?

A century ago it was customary for a man to make his will before starting on a journey to London.

It cost 6d. to send a letter 100 miles, you can now send one 10,000 miles for a penny.

It took months to obtain information that could now be procured in a few minutes.

A voyage to New Zealand occupied 14 weeks; the journey can now be made in five weeks.

Steam engines, locomotives, gas, oil, petrol and air engines, steam turbines, and other means of utilising power are all of comparatively recent introduction.

The generation of electricity for the distribution of light, heat and power has revolutionised many industries.

The application of steam for propelling enormous vessels (greyhounds of the Atlantic) of 50,000 tons capacity through the water at 30 miles per hour is quite modern.

The utilization of the natural force of water falls for generating electric current, the transmission and distribution of this current for the provision of power hundreds of miles away has developed in Canada, America, Sweden, Norway, South Africa, and elsewhere to an extent that would surprise most Britishers.

Bicycles and tricycles were made long before rubber tyres or pneumatic tyres were invented, and it is largely due to the perfection of the latter that cycles, automobiles and other forms of locomotion have developed so enormously.

Telegraphs, wireless telegraphy, telephones, gramophones, photography, cinematographs, and photographing in natural colours are all scientific revolutionary marvels, brought about in recent years by the simple process of Evolution.

"The best way to see London is from the top of an Omnibus" was a commonplace remark only a few years ago, the Bus drivers of London had a world wide reputation. Where are they now? In 1895 the first motor car driven by an internal combustion engine made its appearance in Westminster Bridge road: note the effect, and the rapidity of the change.

On October 25th, 1911, the last journey of the last of the London General Omnibus Company's horse drawn vehicles was made. A revolution in vehicular traffic in the short space of 16 years.

Motor buses and taxi-cabs everywhere, a journey that formerly took half-a-day is now accomplished in half-an-hour, thousands of bus drivers and cab drivers have themselves been driven off the road. What has become of them all? Are they pensioned off? Where are the horses? Are we really better for all this rush? The swiftness and the magnitude of the change should give us pause. Aviation is now effecting a further revolution—silent but sure. Who can foretell what the ultimate effect of this will be?

The discoveries and the inventions in every sphere of life have been phenomenal: astronomy, electricity, surgery, medicine, chemistry, mechanical appliances, and labour saving devices innumerable, and last, but by no means least, the extension of educational facilities resulting in an intellectual liberation from sectarian bondage, and the clearing away of a mass

of superstitious growth that clogged the wheels of educational and theological progress.

Practical men are to-day concerned about the *here* and *now,* and clamorous that ancient and hoary wrongs should be uprooted, even when sanctified by the questionable rights of *vested interests;* so long as glaring inequalities persist or economic wrongs defraud the weak and ignorant, so long as children are starved and stunted and men and women treated as of no importance, so long as the natural rights due to every citizen are unobtainable, or the crafty and strong are permitted to monopolise the means of happiness and comfort, and keep others in a state of bondage, so in like proportion does the necessity exist for progress, reform, and the uplifting of mankind.

There are at this moment more people earnestly seeking the means for improving and uplifting the body politic than ever before, and however much people may differ as to the underlying causes, a solution of the social ills must, and will, be forthcoming, not from the efforts of any single individual, but as the outcome of combined endeavour.

Thought is said to be a creative force, a form of energy, and that all things that we see or feel are the results of thought; if "thought power is re-asserting itself, and the agitation of thought the beginning of wisdom," it necessarily follows that by educational and evolutionary means the thoughts of thousands or millions of earnest men and women can be set moving in the right direction, and the combined power for good will be irresistible.

Not by Revolution, but by Evolution will this change be effected.

PROVERBS.

Ceylon, Indian.

Ceylon.

"A man of wealth is the slave of his possessions."
"Wisdom in the mind is better than money in the hand."
"Haste makes waste."
"Money is a source of trouble and woe."
"When Brahmins cease to do good they begin to do evil."
"Borrowing brings care by night, and disgrace by day."
"A word uttered may bring wealth as well as ruin."

Indian.

"The worst country is where there is neither plenty nor peace."
"Who shall use what thou hoardest?"
"He who gives grudgingly, shall be taught by adversity."
"He who is happy is rich enough."
"Whose carriage is greediness his companion is beggary."
"Give to the poor, but talk not of thy gifts."
"A man's deed is the touchstone of his greatness or "littleness."
"A stranger who is kind is a kinsman."
"Better a wise enemy than a foolish friend."
"A single rupee saved is greater than thousands of gold spent as soon as required."
"They who gather millions enjoy only as is determined."

Chapter X.

The Cause.

As there is no shadow without light, no smoke without fire, and no reaping without sowing, so there is no effect without cause; the cause may be hidden, but it is there, and however obscure, it should be traced to its source.

Poverty is an *effect,* it is sometimes attributed to drunkenness, laziness, or sickness, but these also are effects, hence we must trace further back.

It is generally admitted that there are some twelve millions of people in Great Britain just above, or below, or on the poverty line.

Is it reasonable to suggest that one fourth of the population are lazy or drunken or criminally wicked? No sane man would make any such assertion, and if he were rash enough to do so he could not prove it, because it is untrue.

It is also admitted that thousands of people have a superabundance of wealth, and it frequently happens that they who render the *least* service claim the greater share. It would therefore appear that in spite of the fact that bountiful nature provides abundantly for all, that the minds of men are steeped in prejudice or drugged and stunted by an excess of temporal luxuries, that brotherly love and Christian service are supplanted by individual selfishness, that the many are poor because others have

more than enough, and once we have clearly ascertained the cause it ought to be quite possible to find a solution.

The demands made at present for the use of capital, or rather credit, appear to me to be at the very root of this trouble, and I put the following pertinent questions:

Can capital justly claim any sum or reward for its use? If so, what rate of interest? under what conditions? and where is the line to be drawn?

That the exactions at present demanded are out of all proportion to the service rendered by capital, there is not the slightest doubt, and I have yet to be convinced that any return in the form of interest can with justice be claimed at all.

I can imagine the reader gasping—"Why, the writer must be insane"—but if he will carefully consider this subject, and weigh the evidence for and against without prejudice, he will arrive at the conclusion that the insanity, if any, lies in our present system of paying millions of money per annum for credit that we do not need, or that could easily be supplied without any such incubus.

The writer has no desire to exploit, to rob, to plunder, or to confiscate, or to set class against class, but once a prima facie case is made out, and conclusive evidence adduced proving that the present system is bad, that privileges have been shamefully abused, that poverty, unemployment, sickness and crime are effects, it is the duty of the community to right the wrong, to substitute Relief for oppression, Restitution for confiscation, to alleviate sorrow, prevent suffering, render Justice to all, and this by Evolutionary and not by Revolutionary methods.

Let me make my own case clear, and endeavour to justify my position. I am a manufacturer, approaching the allotted span of threescore and ten years. I have worked strenuously for eight to twelve hours per day for fifty years. Much of that time has been spent in the service of the public. I don't begrudge it. I am now in fairly comfortable circumstances, and would like to see all men equally fortunate. I believe that there are thousands of better men, including many millionaires, holding widely divergent views, equally anxious, and conscientiously seeking a solution of the existing social ills and who would be willing to make great sacrifices to accomplish this end, if they were assured that it could be effected without injustice to others.

That a very grievous injustice exists to-day there can be do doubt; that the exactions made by capital should amount to from one third to one half of the total earnings of the whole community is nothing short of a crime; that some £700,000,000 per annum claimed by non-producers is a tax that presses heavily on all producers, and that this pressure is more acutely felt by the manufacturer, merchant, professional man, and shop-keeper than by the ordinary workman there is also ample evidence; the solution of the problem is to put a stop to this injustice as speedily as possible by evolutionary and not revolutionary methods; the first step is to educate the community in this direction so that they may *see* the *cause* of the trouble just as clearly as they now *feel the effects.*

£40,000 per annum would be considered an excessive salary for the best paid service of any man in

Great Britain, while certain landholders are permitted to exact this amount per week for ground rents for which they have rendered no service whatever. If the *earned* incomes are to be limited, whether the limit be £500 or £500,000 per annum, the *unearned* incomes should also have some restrictions placed upon them.

If it were suggested that the individual who renders the highest service should receive £40,000 per week, and the landholder £40,000 per annum, what a flutter this would cause, and yet this would be more just and more logical than the existing system. My own opinion is that neither one nor the other should be permitted to exact (for it is quite evident that neither could earn) any such sum as £40,000 per week.

The following illustrations will, I think, shew conclusively the folly of underpayments for *service*, and the absurdity of the excessive *claims* made for *interest*.

Example 7. Assuming that Adam was born 6,000 years ago, and that he (or his successors) had received £3 per week, and had spent nothing for food, clothing or education; the total savings—exclusive of any interest—would be 6,000 years × £156, equals £936,000, or less than one million pounds in 6,000 years.

Example 8. Suppose that instead of payment for service he had invested the modest sum of one penny at five per cent. compound cumulative interest.

					approximately.
In 400 years	the	penny	would	have	accumulated to 1 million pounds
700	„	„	„	„	1 billion „
1000	„	„	„	„	1 trillion „
1300	„	„	„	„	1 quadrillion „
1600	„	„	„	„	1 quintillion „
1900	„	„	„	„	1 sextillion „

This sum represents 37 figures *claimed* for *interest* for the use of the penny in 1900 years, as against six figures earned by Adam in 6,000 years for *service*.

If the Earth were a solid globe of gold and melted into sovereigns it would not pay one hundredth part of the interest claimed.

Some one may reply, Yes, but no one lives 6,000 years, and the example is therefore useless. Suppose we take a case that is not exceptional or uncommon.

Example 9. Suppose A invested £1,000 at 10 per cent. taking half the income each year, leaving the other half to accumulate for 50 years. The figures are approximate.

	Half the interest to be spent £		Capital value.
At end of first year.	50	and the balance added to capital—	1050
„ tenth „	77	„	1628
„ twentieth	126	„	2653
„ thirtieth	205	„	4421
„ fortieth	343	„	7202
„ fiftieth	543	„	11422

It will be seen that although A has withdrawn over £10,000 during the 50 years for interest, his capital has also increased by over £10,000 during the same period.

I have tried to look at this matter fairly and without prejudice, and I fail to see how any sophistry, or any possible explanation can justify the enormous disparities in the respective claims, unless it can be clearly demonstrated that *capital* and not *labour* provides the earning power.

We need in the House of Commons fewer lawyers, and more practical business men, and for City or U.D.

Council clerks a capable accountant, or experienced bank manager would be preferable to an incompetent lawyer, and far more economic.

The *officers* of any Council should be as capable as managers of banks, and the members of the Council as practical as bank clerks; and if so they would take immediate steps to enlarge the assets, reduce liabilities, and trade on their own rather than on borrowed capital.

If Councillors, Guardians, and other public officials would apply the same perspicacity and acumen to public work that they do to their own particular business, they could save ten to twenty millions per annum by the adoption of the simple expedient mentioned on page 3.

The State in which every citizen is ceaselessly engaged in cheap buying and dear selling, leaves something to be desired.

The accumulation of riches and the application of luxurious ease do not tend to the development of the highest type of character, but are often the forerunner of degeneracy.

Without some measure of material well-being, without a well-fed body, and some approach to physical comfort, no character development or high morality is possible.

Grinding poverty leads to debased morals and depravity of conduct.

The highest service that Statesmen can render to the community is to ensure their material wellbeing, and prevent by every legitimate means the flotsam and jetsam of society.

Chapter XI.

The Remedy.

If we are to solve the problems of poverty, unemployment, and industrial depression, it will be necessary to establish a *System* under which a plentiful supply of money will automatically flow into the hands of the workers, and ensure that every child is provided with the necessaries and decencies of life—to divert a large portion of the excess wealth now claimed by capitalists, usurers, and idlers, to the men of muscle and brain who are the creators and saviours, this can be done by reducing the charges for credit, and increasing the payment for service.

The problem is not simply to keep people engaged in one perpetual round of toil and drudgery, but to see that every citizen is employed in some form of *useful occupation;* if the useless and wasteful enterprises were eliminated, and all were engaged in useful employment, four hours per day would be ample to provide all that human nature needs, and all grades of society would benefit; at present we are so engrossed in getting a living that we have no time to live. We simply exist.

Eliminate the necessity for the intense struggle for a mere existence, ensure that equal security be granted to labour as to capital, and the assurance of ample pay for useful work; remove the element of fear of unemployment or sickness, and transfer a

portion of the enormous power hitherto claimed for capital to those who take so large a share in earning it; however important it may be to fix a minimum wage, to restrict and put a wholesome *limit* to *maximum incomes* is more important and would be far more effective.

I have more than once stated that *the people could supply their own national credit free of charge;* this statement may appear to many absurd or impossible. Suppose we consider it.

What is credit? Belief, Confidence, Sale on trust, i.e., on a promise to pay; please bear in mind that the credit, and the promise to redeem the credit are invariably given on paper. Why? because the money is not in existence, there is not sufficient money to pay threepence in the pound for the credit notes already issued. Are we to assume that the 40 millions of people in Great Britain cannot trust themselves to pay the national or municipal debts now owing, and prefer to pay a few capitalists some £40,000,000 each year as interest for credit?

The number of people who own or control capital is comparatively small, but they and the total volume of credit have increased enormously, and the burden of interest has followed in mathematical proportion. The actual number of capitalists matters little, but the amount of capital controlled, and the *total charges* made for it is of vital importance to those who have to find the money.

Whether 10,000 Capitalists receive £4 000 each per Annum
or 100.000 „ „ £400 „ „
or 1,000,000 „ „ £40 „ „

is quite immaterial; the hard fact remains that the

community have to pay the £40,000,000 each year, for interest on public debts for credit only, and if the national credit is good for the debt, plus three times the amount for interest, surely their credit will be ample for the debt only, if the charges for credit are eliminated.

We cannot blame the capitalists for receiving this money, wise folks will receive so long as fools will pay; we, the ratepayers, who have to find the money, are to blame, our representatives on County Councils, City Councils, Boards of Guardians, and in Parliament are to blame for permitting it, so long as a better way can be found.

A Postal Order for one pound costs less than a farthing to produce, but its commercial value is Twenty Shillings in any town or village in Great Britain. Why? Because the credit of every citizen is behind it.

Our national debt is about £700,000,000. We have paid the amount three times over in the shape of interest and still owe the debt; to repudiate it would be immoral and unjust, and for a wealthy and so-called Christian nation to have permitted so monstrous a burden to have remained unpaid so long, appears to be equally immoral and unjust.

The solution is perfectly simple; all that is necessary is first to *reduce* the *charges* for *credit,* and second to *redeem* the *debt* as speedily as possible; the following is an outline of

HOW THIS CAN BE ACCOMPLISHED.

The Government to redeem the *existing debt* by the *issue* of *States notes of credit* of £1, £10, and £100 value respectively, for the purchase of consols only, redeemable in one or more years as described in tables 8, 9, and 10, and thus clear off the existing debt in from 20 to 30 years. These notes to be Legal Tender at their full face value, treated as current coin of the realm, negotiable for any purpose anywhere in Great Britain, receivable in payment of national taxes or local rates, and redeemed (i.e. called in and destroyed) at a fixed rate per annum within a specified time from date of issue. The Security to be the Credit and Honour of every subject resident in Great Britain.

The holders of consols should be treated fairly and even generously. The present market price is about £75 for every £100 worth of stock, and whether a premium of £5 be paid as a minimum, or £25 as a maximum should be determined by actuarial calculation, according to the number of years taken for the redemption of the total debt.

If it is practicable to redeem the debt at one operation without dislocating the money market, a premium of £10 might be added to the £75 nominal value = £85 for each £100 worth of stock = 85 per cent. Then 700 (millions) × .85 = 595 (millions); add a

further 5 (millions) to cover expenses = 600 (millions) required to redeem the whole debt of 700 (millions).

Assuming that 25 years is a reasonable time, then 600 (millions) ÷ 25 = £24,000,000 to be redeemed each year, as shewn in

TABLE 8.

Value of Notes issued in one year. Millions of Pounds.	Redeemed each year. Millions of Pounds.	Time required for total redemption. Years.
600	24	25

This proposal may at first sight appear undesirable or even revolutionary, but if practical, (as I believe it to be) it would by a simple evolutionary process provide,—

1. A *good* bargain for bondholders who would receive £85 for each £75 nominal value of Stock, and not only an acknowledgement, but payment of the debt in full.

2. A *better* bargain for the Government who would have less money to find each year, besides stopping the fall in consols and putting them on a permanent and non-speculative basis.

3. The *best* bargain for the taxpayers who would save at least one million pounds per annum for 25 years, and £25,000,000 every year after.

4. It would be an excellent object lesson on sound finance for all Municipalities to follow.

Another method that can scarcely be called revolutionary or disturbing, would be to issue 20 millions each year, add £5 premium to the present nominal value £75 = £80 for each £100 face value; the repay-

ments to be spread over 29 years; then 700 (millions) × .80 = 560 millions (exclusive of interest) to clear the debt, as shewn in

TABLE 9.

Notes issued each year. Jan. 1st.	Value of Notes issued. Millions of Pounds.	Redeemed during the year. Millions of Pounds.	Notes in circulation, Dec. 31st. Millions of Pounds.
First year ...	20	10	10
Second to the 28th year ...	20	20	10
29th year ...	0	10	0

By this process the total payments would be £560,000,000 for redemption of debt, plus £290,000,000 interest = £850,000,000 (instead of £600,000,000 as shewn in Table 8,) to clear off the debt.

The maximum notes in circulation would not exceed 20 millions, the average annual payments would be 29¼ millions, the highest being 36 millions in the second year, and the lowest 13 millions in the last year, approximately as shewn in

TABLE 10.

	Redemption. Millions of Pounds.		Interest on Balance. Millions of Pounds.		Total Annual Payments. Millions of Pounds.
1st year	10	plus	17	=	27
2nd year	20	„	16	=	36
3rd year	20	„	15	=	35
4th year	20	„	14	=	34
27th year	20	„	4	=	24
29th year	10	„	3	=	13

If it can be clearly shewn that a larger premium than £5 is justifiable, that is a matter of detail, but as

each issue is redeemed within two years, the £5 premium (equivalent to 3⅓ per cent. per annum) appears to be both just and generous.

The Primary Object is to *reduce payments for credit,* and to *redeem the debt* in the shortest time without causing dislocation.

Tables 8, 9, and 10 are simply suggestive of how this can be done; the *period* of time, and the *rate* of redemption per annum, are questions for expert actuaries, but as to the desirability of wiping out the debt there ought not to be two opinions.

The adoption of some such system would give to stock-holders a handsome premium, and what is still more important, it would provide for payment of the debt, which Viscount St. Aldwyn, (Sir Michael Hicks-Beach, a former Chancellor of the Exchequer) says (page 37) "The country has never at any time undertaken to pay." He also says (page 38) that "it will be making them a handsome present for nothing at all."

It would check the fall in the market value of Government Securities which appears to have paralysed the Prime Minister, Lord Avebury, and other eminent individuals, (pages 34 to 43).

The debt "*would be redeemed on a considerable scale*" as suggested by Sir Felix Schuster (page 36) and in less than half the time suggested by the editor of the "Daily News" (page 35).

Bankers should welcome a scheme calculated to restore national credit and put a wholesome check on undue speculation.

Members of Parliament of all shades of politics should unanimously support that which would relieve

them of the financial responsibility of raising millions per annum.

The Taxpayers should add their blessing to a scheme that would save them hundreds of millions, but if they curse the author for spending some years in formulating the scheme, it would be no matter for surprise, for *Prejudice* is hard to kill.

If the lenders will not reduce their excessive charges for credit, the borrowers must consider their side of the question also, and either refrain from borrowing, or adopt a simple system of creating or providing their own credit.

The suggestion that notes should be issued to pay off the £600,000,000 in one year, may appear to some a revolutionary proposal; but the redemption being spread over 25 years appears to provide a simple evolutionary practical solution of a complicated problem, and as some £1200,000,000 of paper credit pass through the clearing houses every month, the issue of 600 millions of states credit notes without any charges for interest is a very modest suggestion, which should provide a plentiful supply of ready money, that would automatically flow into the hands of those who need it most, and would give an impetus to the demand for houses, furniture, clothing, and other necessaries that are at present unobtainable for want of the means to purchase them.

The Ultimate effect would be to reduce prices of all necessaries by from 30 to 50 per cent., and to increase the incomes of all who are engaged in professional or industrial pursuits, by at least 50 per cent. The saving in taxes, rates, useless luxuries, and subscriptions to charities would benefit the wealthy classes,

and compensate them for what at first sight would appear to demand great sacrifices, and that may by some people be considered an attempt at spoliation or robbery.

These proposals are intended as a basis, subject to modification by the best expert actuaries, who have no interest either direct or indirect with Banks, Assurance Offices, Stock Brokers, or other Financial houses. The scheme may be scouted as absurd, impracticable, that it is ridiculous to expect any person or any Government to lend money free of interest, or to issue paper credit notes without an equivalent gold reserve to meet them as they become due. What are the facts? An excellent little book on "Banking" (price 6d.) by A. D. Cochrane, General Manager of the Royal British Bank, contains the following:—

Page 9.—"In Rome it was thought *wrong* to *charge interest* on loans. The wealthy did not need loans, and the *poor* were too *poor* to *pay interest.*"

"Augustus Caesar (born 63 B.C.) instituted a fund for the purpose of lending money to the needy Roman Citizens *without interest.*"

Page 53.—"In 1,800, "The Bank of England lent the British Government £3,000,000 *without interest* for six years."

"In 1825, "The bank obtained the permission of Parliament to *issue £1 notes* to avert bankruptcy."

"In 1857 Parliamentary permission was obtained to issue extra notes to the amount of £7,376,000 to *allay panic.*"

In 1900, during the seige of Mafeking, *paper*

currency was issued, redeemable at the Standard Bank of South Africa on the resumption of Civil Law. When the war was concluded many thousands of pounds were paid to the bank to redeem the notes.

"Feb. 1910. The Bank of France agreed to advance under Government guarantee £4,000,000 for 5 years *free of interest* for the benefit of the victims of the recent floods. Other banks also co-operated.

The Hon. Sir Robert Stout in his book on "New Zealand" page 131 says:—

"The Government of New Zealand is a money lender. It grants loans to local bodies, counties, municipal corporations &c., for the construction of roads and other public works. These loans are secured by a special rate, and the amount that may be granted is limited. The rate of interest is 4½ per cent. for 26 years, 4 per cent. for 32 years, 3½ per cent. for 41 years. At the end of these terms *if the interest has been paid regularly the loan is discharged.*"

If the Government of New Zealand can do this, what is to prevent the Government of Great Britain from doing likewise?

During the Easter week of 1906 I paid a visit to Guernsey to investigate the system of finance adopted by the States Government.

By the courtesy of Mr. F. A. Luff, one of the staff of the "Guernsey Evening Press," I obtained access to a copy of the "Acts of the States of Guernsey 1819 to 1824" in the "Records Office of the States Building," which contained the following interesting information.

"The markets committee appointed June 18th,

1818 made their report May 12th, 1820 as follows:—

To Cost of Site	£2,137	By States issue of £1 notes *bearing no interest*	£4,500
Cost of Buildings	£3,363	St. Petersport Parish *subscribed*	£1,000
	£5,500		£5,500

These Notes were to be redeemed in ten years, £450 each year, the estimated Income from the Markets was £150 net per annum, which after the first ten years would be clear profit without any debt, and the original issue of Notes value £4,500 would be *redeemed without any interest whatever.*

These States Notes, like Bank of England notes, were merely promises to pay on demand; they were guaranteed by the States, accepted by the tradesmen without demur; they proved a handy and convenient means of exchange, they could be circulated or hoarded more easily than the five franc pieces in current use, and the people had implicit confidence that they represented their face value in actual cash.

In the "Evening Press, Guernsey," April 28th, 1906, Mr. Luff (Argus) says,—"At present the States have £40,000 in circulation as paper money *upon which no interest is paid,* and this sum could be quadrupled if issued at British value, and if they were made *legal tender,* so that they might be circulated in the United Kingdom."

But—"By an arrangement made with two local banks in 1836, the States were restricted to the issue of £40,000 in notes, and the two banks obtained powers from the States to issue notes to the value of £120,000."

Here lies the explanation, the banks obtained the powers that the people should have retained, then why should not the people take immediate steps to re-instate the powers forfeited by their ancestors?

Again, June 28th, 1906, Mr. Luff writes—"In 1836 the States made an agreement with the two banks that they would restrict their output of Notes to £40,000 *on condition that the Banks circulated them and accepted them as cash.* There never had been an equivalent gold reserve, and the present issue of States Notes is of the Nominal value of £41,318."

The figures quoted herein are confirmed in a book of 62 pages on "Communal Currency" by J. Theodore Harris, which describes "How the States of Guernsey supplied their own credit." In the preface, Mr. Sidney Webb says "The Guernsey Market House appears to have been exempt from that *servitude to accumulated capital* in which the whole creation groaneth and travaileth."

"What the Guernsey community did, was that which nearly every community has done at one time or another, viz., issue paper money."

"The Guernsey Government stopped short at the issue of paper money—which is not banking,—and *even gave up this right at the bidding* of private banking companies."

Mr. Harris shews that the issue of £1 notes was not confined to the £4,500 required for the erection of markets, but that the States authorised the issue of no less a sum than £80,000 for which no interest was paid, for purposes as follows,—

June 14th, 1820	...	£4,000 to redeem existing debt.
June 23rd, 1821	...	580 to purchase property.
Sept. 15th, 1821	...	4,500 to redeem existing debt.
June 13th, 1824	...	5.000 to pay off market debt.
May 12th, 1826	...	8.000 for Isle of Sark, &c.
Nov. 15th, 1827	...	11,000 Rue de la Fontaine.
1828	...	8 500 for the college.
1829	...	11 000 for Improvement scheme.
Mar. 18th, 1834	...	1,000 Cholera precautions.

On page 38, "some £15,928 had been redeemed," and on page 43, Appendix 1 shews that "out of the total debt of £27,740 some £14,443 (more than half the debt) consisted of £1 notes."

On page 60 "The total indebtedness December 31st, 1905, appears to be £207,447, and that 41,318 one pound notes were still in circulation for which *no interest* was paid."

The figures quoted, compared with the British National debt, may appear insignificant, but "Guernsey was a small State, suffering from depression and scarcity of employment, immediately following the Napoleonic wars."

"In 1813 they had practically no trade, no revenue, no vehicles, no horses for hire, no roads or decent approaches to the town, the main thoroughfare being only seven or eight feet wide including the footway; large tracts of land submerged by encroachments of the sea, a debt of £19,137, and an annual charge for interest and expense of £2,390."

On page 21, Mr. Harris says, "There is abundant evidence throughout the records that the system was appreciated." "Frequent references are made to the *saving of interest,* and to the fact that improvements could not have been carried out but for this system." "To bring about the improvements which contribute

to the joy, the health, and the well being of the inhabitants, the States have been obliged to issue notes amounting to £55,000." And on page 24—"External exchange seems to have flourished side by side with this internal currency."

Under these circumstances the perspicacity and resource of the States Finance Committee should be an object lesson for all Municipal Reformers. If a small island such as Guernsey "with a population of 40,000, with no trade, and no revenue," could with advantage issue no less than £80,000 worth of credit, the suggested issue (Table 8, page 141) for a wealthy and prosperous nation like Great Britain of £600,000,000 would appear to be an extremely mild proposal that ought to be universally accepted and adopted.

Please compare the following. In ————, markets were erected in 1828 at a cost of £16,000. In 1888 some £50,000 had been paid for interest without any reduction of the debt, and now in 1912 some £70,000 have been paid for interest; and £13,000 with interest on same has yet to be paid. Which is the better finance, Guernsey or ————?

In Jersey, Notes were also issued in a similar manner *by the Parochial Authorities,* signed by the Constable and Mayor, and used as means of exchange.

These notes would not be accepted at par value except in the Islands of Jersey or Guernsey; but the same thing might be said of American or other paper currency outside of their own country.

Mr. A. J. Fonda says in "Honest Money,"—"The American hoarding panic of 1893 was averted by the people *making their own paper money,* which the

Government ought to have supplied; but while Congress hesitated, the people solved the problem for themselves, ignoring the laws that made such action a penal offence."

Mr. J. Spencer Phillips, President of the institution of Bankers, said on November 1st, 1905—"The clearing house returns for 10 months exceeded £10,000,000,000"—or one thousand millions per month, *most of it on paper.*

Mr. Brough in the "Natural laws of money" says "That in New York 95 per cent. of business obligations are settled by cheques.

In the face of these examples, it is sheer folly to say that it can't be done. What has been done in Guernsey, Jersey, and elsewhere can be done in Great Britain, but it will not be done until the people exercise their own powers, and create their own means of exchange, instead of entrusting them to Financiers and Capitalists.

The total National Income is estimated roughly at £2,000,000,000 per annum; the total wealth of the Nation, based on the moderate valuation of ten years purchase would amount to £20,000,000,000, but all the coined money in circulation is so infinitesimal as scarcely to count when compared with the great wealth above mentioned.

The total gold coinage in Great Britain is estimated at One Hundred Million Pounds; suppose the total gold, silver and copper coinage to reach 200 millions, this represents only one per cent. or one hundredth part of the total estimated wealth of the community.

Coined money of any nation is simply its small change, useful in its way, but too trivial in value to

compare with the total wealth; hence if the capitalists wished to convert one hundredth part of their capital into cash, it could not be found, because is is non-existent.

I wish to emphasize this point, because we are paying huge sums in the form of interest for capital that exists only on paper, or in other words for capital that isn't there.

After the type for this book was set up, and the last proofs were under revision, I discovered a book entitled: "The Unearned Increment of Money," 60 pages, price 6d., by John Saword. Published by Strong's Limited, Manchester.

I do not know Mr. Saword, who he is, what he is, or where he lives, but his book appealed to me, and if you are interested in this important question get a copy. He says, page 43:

"The Ultimate Basis of Exchange."

"The nature of an exchange token depends upon the confidence of the public in its issuer. Where confidence is flawless, the written bond—or even the spoken word—is sufficient; but where mutual confidence does not exist the token must itself possess equal value, or it will not be accepted. In the last analysis the only *sine qua non*, the one indispensable requirement in a medium of exchange, is *general acceptability*." "Given equal acceptability, *paper is as good a medium as gold;* indeed, it is better, because so much cheaper."

"It is computed that if the labour of all the men who searched for gold in California in 1849 were put

at five shillings a day, that every sovereign coined from the gold produced cost over £5." "Every article you buy has to bear its share of the cost of the gold you bought it with. And as the world's annual output of gold is about £80,000,000, it is evident that an immense amount of labour, that might be fruitfully engaged in producing things to *exchange*, is now wastefully employed in procuring the *wherewithal* to *exchange* them."

"Society still demands coin; but it will readily accept paper, the conviction is steadily gaining ground that *no private concern* is, or can be relied upon to meet the Nation's need in this respect, and if paper is ever to become a *Medium of Exchange* independently of gold, the *public confidence* in that paper must be founded on a rock."

"Such a rock is the State,—and only the State—the whole People. The State cannot fail, if the State makes a mistake it can be rectified. A properly organised State Bank would not issue any loans except against *adequate security*,—in Land, Buildings, Goods, or Labour;—therefore the paper at any time in circulation would be fully redeemable thereby." "Paper, with a State guarantee, becomes *more acceptable* than gold without it. The real reason why our present paper is based on gold coin, is because the coin is State guaranteed." "You accept a sovereign, not because it is gold, but because the Government Stamp and seal upon it assure you of its convertibility into twenty shillings' worth of merchandise." "There are two arguments against State paper money, *'Forgery of the paper* and *abuse of the issue.'* In reply to the first, coin

is more easily forged than paper, this clears objection number one. As for the other objection, history abounds in instances of the disastrous issue of paper money by the State. But there is all the difference in the world between forced circulation of unsecured, unwarranted paper, and that which would be issued by the business men of this country if they decided that the Nation should take over the Nation's Banking. Their aim and object in substituting public for private control would be to provide a means of continuing the pursuit of their own avocations, *free from the present burden of higher rates and increasing taxes,* and they would not be likely to err in the direction of insecurity."

The views thus clearly stated by Mr. Saword confirm the suggestions contained in this chapter; but, the reader will probably say, this is arrant Socialism. The writer is not much concerned about the name or the *label,* he eschews partisanship, and would like to see the terms, Liberalism, Toryism, Unionism, and Socialism abolished; all these terms are merely labels, denoting that their owner has been inculcated with certain political opinions, or prejudices, that are of no practical importance, and is content to be labelled accordingly. Principles must have precedence before party, the public well-being is of more vital importance than any political organization.

In the "Editorial Notes," page 32, of that best of all Annuals, "Bibby's Annual for 1913," the Proprietor and Editor says, "I am sometimes regarded as a Socialist, and if the word is used to

denote one who desires to bring about better social conditions I should wish to be called by that name."

"Again on pages 59—64 he gives his opinions on "The Old and New Socialism." His object is disinterested, he admits the social evils and propounds certain remedies. I agree with him in the essentials, but should probably differ somewhat as to details. I know Mr. Bibby and appreciate his work immensely. I also, have, by some, been regarded as a Socialist. I am simply a Social Reformer, who would welcome *Real Reform* of any kind, or from any source.

It may appear somewhat incongruous to introduce here an address, given before the "Glasgow Spiritualist Association," through that well-known Spiritualist Medium, Mr. J. J. Morse, of Manchester, while in the trance (unconscious) state, by his control or guide, in answer to a written question.

It is taken from the "Two Worlds," February 14th, 1913, and I hope the reader will not skip it, for it is better than anything I have written, or could write.

THE QUESTION.

"If harmonious and ennobling conditions are necessary for the spirit's development after death, are not these much more so before death? If so, what practical action and attitude do you suggest as a help to the fuller development of the spirit here and now?"

THE ANSWER.

"The speaker remarked that he was thoroughly and entirely in agreement with the question, and touched upon the relationship which it bore to the

subject with which he had dealt at the forenoon service.

"Proceeding, he said: What the world really stands in need of is some system or method of prevention of evil—something that will deal with the causes. The causes of human suffering and misery are numerous and complex, and it is exceedingly difficult to put one's finger upon one sole dominating cause of the evils that afflict human society. It is all very well to say that for long, erroneous teaching has produced enormous misery. That is quite true. The poor and the rich alike are affected. It is all very well to say that improper economic conditions produce poverty and disease and intemperance. Perfectly true. But what are you going to do? If legislation is well enough administered it will produce certain results.

"You may say that poverty is a grievance arising from the economic evils that prevail. That is true. But there are other factors in the production of poverty that must also be considered. It is all very well to say that vice is the outcome of intemperance. But that is not always true. Temperate people are sometimes vicious. It sometimes happens that those who affect the greatest virtues are secretly the worst of sinners. It is all very well to say that political tyranny produces evil. But political tyranny is not the only thing that works for the evils of human life. It is all very well to say that the domination of capitalist taskmasters produces poverty and trouble. All this is perfectly true. But what are you going to do? When you have a condition of existence that is all interwoven like an intricate pattern in a loom, it

looks as if you would have to stop the working of the loom and unweave every ill-assorted thread, re-wind, and start the loom afresh for another piece of cloth.

"What is to be done? The problem affects the Church and labour and life in every department. All the interests are against progress. You cannot live without land, and you cannot always get the land. You cannot get along without great fighting machines, the cost of which is slowly sapping the financial blood out of the veins of humanity. You cannot get along, it is said, without a vast capitalistic system, which exacts such profit from you that your food and your clothing and your housing and all the enjoyments of your life, are gradually going out of the reach of the common people.

"You cannot live under the economic stress that is pressing against you to-day, and the inevitable result of that stress is resentment, anger; and when men or women are resentful and angry, they are not inclined to think temperately or act wisely. You have your gaols filled with—what? The failures of society. All this simply points to the subtle issue that Religion has not been a success, that Justice does not prevail, and that honesty and righteousness are apparently diminishing quantities; while it is everybody for himself, and a gentleman, who shall be nameless, take the hindmost.

"How do you expect the kingdom of God to be established on earth? How can you expect any similitude of heaven or the Summerland to be found on earth? Oh! it is complex! And do you know why it is complex? It is complex simply because you have lost sight of the fundamental principle

running through it all. It is man who makes the world. Therefore, as is man, so the world is. And what does man in the average understand of himself? He will range the universe; he will dive into the bowels of the earth; he will probe every mystery; he will endeavour to drag all the secrets out of the keeping of Nature. But he misses himself, and hardly thinks himself worthy of a second thought.

"When Man understands himself as a part of the Divine life, and that the divinity must be brought into action, and so made to influence his material conditions, then he will have a state of being in consonance with his own royal dignity. He will be incapable of insulting that dignity. It will compel him to live justly, honestly, and righteously towards himself first, and then towards his fellows.

"The foundation of the whole revolution we are referring to is in revolutionising the conceptions of man regarding his own nature. If this means the overthrow of the state of religious faiths, so be it. If this means the overthrow of the conditions of society, so be it. If it means the transfer of ideals from self to others, so be it. If it means a change of thought in regard to the values of wealth from material counters to spiritual activity, so be it. If it means the kingdom of God making itself manifest in the kings and queens of humanity, and the overthrow of those pinchbeck orders which the world has honoured so long, so be it. If it means a change of thought regarding the depravity of human nature as a thing preventible rather than an inheritance that must be endured, so be it."

"But the world is not yet prepared to make such

revolution. So it must go on in the good old-fashioned way, patching a piece here and there, and then saying to itself, 'Well, we have done a good thing.'

"The world must cease to be cowardly. It must grow brave at heart, and realise that wrong is wrong, and must be removed ere right can be done. It is only in the coming of right that the conditions will be so improved, that the flotsam and jetsam shall be rescued at last, the creasy places straightened out, and the dark places made light. It is only by being brave and facing the issue that the children will be able to establish the kingdom of their God.

"Finally, every class in the community is quite right to clamour for their rights. Rights are beautiful things—bless them!—but they have their corollary. You have no right to a right unless you have done the duties that belong to that right. Let us hear a little more of duty and less of right. Let us hear a little more of return and not so much of take, a little more of altruism and a little less of individualism. Let us hear a little more of brotherhood and fraternity rather than of class and nationality. Let us realise, if you please, that the whole world is kin, and that the kingdom of righteousness means wherever human beings love right and do righteously towards their fellows.

"These are some of the suggestions we offer in regard to the spirit and purpose of the question. But we have faith, abundant faith, that the time will come—and you will all live to see it over there—when every wrong will be righted in this world; when sin, vice, crime, misery will be no more; when the world

will have learned the lesson that as a man lives in this world so he shall reap in the next, and will take the labour of saving men while they are in the flesh rather than send them over to the other side to be saved after they are there. The soul that is prepared for life in the higher spheres is a gem in the crown of human life. We believe the time will come when all souls will live righteously in this world, and pass honourably through the golden gates of the world beyond; and in those days every soul so passing will be a jewel resplendent in the spiritual spheres, and a glory and an honour to the world from whence he came."

I know Mr. J. J. Morse intimately, he is a gentleman with a considerable amount of intelligence; quiet, thougthful, and unobtrusive, possessing extraordinary powers as a *Medium* Speaker, i.e., giving addresses while he is in an unconscious or *trance* state. He has delivered during the past 44 years thousands of such addresses, all having the same high, moral and spiritual tone, and at the conclusion of his address he has no knowledge of what transpired during the trance; his Invocations during this *trance* state are marvels of composition, lucidity, and expression. I have never heard anything to equal them.

This will, no doubt, appear strange to those who have never listened to a trance speaker, especially when we have his assurance that the Control who speaks through him was a Chinese Mandarin, who in earth life resided in the neighbourhood of Pekin, and says that he passed over to spirit life over three hundred years ago.

Not being a psychic, I cannot explain this, nor do I understand it, but I have a strong conviction that while the 19th century was remarkable for economic and material progress, the 20th century will mark an epoch in the moral, psychic and spiritual upliftment of the whole human race, compared with which even such important questions as Socialism, Rationalism, Party Politics, Commerce, Finance, War, &c., will appear ordinary and commonplace.

May the Truth and the Right at all times prevail.

INCREASE OR GROWTH OF CAPITAL.

The effect of usury according to the rate per cent., is that capital increases at a pace out of all proportion to its intrinsic value, and presses each year more heavily upon the industrials. It may be compared to a snowball, the larger it gets, the more it absorbs at every revolution, and were it not for the occasional set-backs, losses, and extravagance of some of the wealthy speculators, a hundred unscrupulous or avaricious men could dominate and dictate their own terms to the forty millions of British citizens.

This danger is far more real than most people imagine. Mr. James Bryce in "The American Commonwealth" says,—"Up to 1840 there were no great fortunes, few large fortunes, and no poverty," and now 72 years later, there are 500 millionaires, and three million paupers.

Cause and effect—for each millionaire created or permitted, the public must maintain six thousand paupers, in addition to the crushing effect upon the workers generally.

An American Senator recently said—"There are

fifty men in the City of New York, who can in 24 hours stop every wheel on all the Railways, close every door of our factories, lock every switch in every telegraph line, and shut down every coal and iron mine in the United States, *because they control the money of the country.*

If it is possible in seventy years to gain such power, what will it be at the close of the present century?

If it were desirable, I could extend these articles to hundreds of pages, and even then, should touch only the fringe of this important subject. I have studiously avoided any reference to individuals, and to political or religious opinions; my remarks are directed against a *system,* which is selfish, cruel, unjust, and immoral.

I do not suggest that we should abolish capital, or rob the capitalist, but that immediate steps should be taken to alter our existing laws, so as to prevent the capitalist from robbing the community, and if we cannot abolish usury, there is nothing except the apathy of the people to prevent our reducing it to modest dimensions. In this direction lies the only real remedy, one that strikes directly at the root cause of all, or nearly all the social evils that prevail in this, and in every other—so called—civilized country.

The Author begs to acknowledge the receipt of many cleverly drafted letters, forwarded periodically by London Financiers, offering "Advances of from £50 to £10,000 without security," and respectfully intimates that they may in future save their postage stamps and his time, as he does not need their services, being a firm believer in the sound old English maxim,—"Out of debt, out of danger."

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